United Nations

Financial report and audited financial statements

for the biennium ended 31 December 2007 and

Report of the Board of Auditors

Volume I
United Nations

General Assembly
Official Records
Sixty-third Session
Supplement No. 5 (A/63/5 (Vol. I))

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

BINUB	United Nations Integrated Office in Burundi
BONUCA	United Nations Peacebuilding Support Office in the Central African Republic
CEB	United Nations System Chief Executives Board for Coordination
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
ICJ	International Court of Justice
ILO	International Labour Organization
IMDIS	Integrated Monitoring and Documentation Information System
IMIS	Integrated Management Information System
INSTRAW	International Research and Training Institute for the Advancement of Women
IOM	International Organization for Migration
ITC	International Trade Centre UNCTAD/WTO
MINUCI	United Nations Mission in Côte d'Ivoire
ODA	Official development assistance
OHCHR	Office of the United Nations High Commissioner for Human Rights
UNAMET	United Nations Mission in East Timor
UNAMI	United Nations Assistance Mission in Iraq
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization

UNFCCC	United Nations Framework Convention on Climate Change
UNFIP	United Nations Fund for International Partnerships
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNICRI	United Nations Interregional Crime and Justice Research Institute
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNIIIC	United Nations International Independent Investigation Commission
UNIOSIL	United Nations Integrated Office in Sierra Leone
UNITAR	United Nations Institute for Training and Research
UNLIREC	United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean
UNMA	United Nations Mission in Angola
UNMAS	United Nations Mine Action Service
UNMIN	United Nations Mission in Nepal
UNMISET	United Nations Mission of Support in East Timor
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNOTIL	United Nations Office in Timor-Leste
UNOWA/CNMC	United Nations Office in West Africa/Cameroon-Nigeria Mixed Commission
UNPA	United Nations Postal Administration
UNPOS	United Nations Political Office for Somalia
UNREC	United Nations Regional Centre for Peace and Disarmament in Africa
UNTOP	United Nations Tajikistan Office of Peacebuilding
UNTSO	United Nations Truce Supervision Organization
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

Letters of transmittal

31 March 2008

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the United Nations for the biennium 2006-2007 ending 31 December 2007, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(Signed) **Ban** Ki-moon

Philippe **Séguin**
Chairman
United Nations Board of Auditors
United Nations
New York

30 June 2008

I have the honour to transmit to you volume I of the report of the Board of Auditors on the financial statements of the United Nations for the biennium ended 31 December 2007.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France and Chairman
United Nations Board of Auditors

The President of the General Assembly
New York

Chapter I

Financial report for the biennium ended 31 December 2007

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations for the biennium 2006-2007 ended 31 December 2007. The financial results reported relate to activities of the United Nations other than those of peacekeeping operations, United Nations Iraq escrow accounts, the United Nations Compensation Commission, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are reported separately.

2. The accounts consist of 11 statements supported by schedules and notes and provide financial information relating to the United Nations General Fund and related funds, technical cooperation activities, general trust funds and other funds. Financial statements for each trust fund have not been included in the published accounts; instead, a consolidated financial statement is presented.

3. The present financial report is designed to be read in conjunction with the financial statements. It presents an overview of the consolidated results and an analysis of the financial statements by major category, highlighting trends and significant changes. The annex to the report provides technical information, as well as information required by the Financial Regulations and Rules of the United Nations to be reported to the General Assembly.

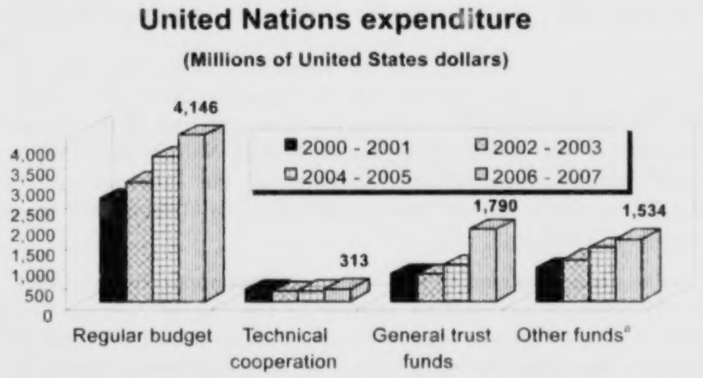
B. Overview

4. Statements I, II and III of the accounts summarize the combined results of the specified United Nations activities that are presented in more detail in statements IV to XI. Statement I presents income and expenditure by major fund category for the biennium 2006-2007. Statement II shows a summary of assets, liabilities and reserves and fund balances as at 31 December 2007. Statement III summarizes the Organization's net cash flow for the current biennium.

5. Overall income for the biennium 2006-2007 increased by $2,239.2 million, or 39 per cent, from $5,750.5 million to $7,989.7 million, due mainly to an increase of $1,022.7 million in assessed contributions and an increase of $832.8 million in voluntary contributions. Interest income also rose by $176.0 million.

6. Total expenditure (after eliminations) for the biennium 2006-2007 increased by $1,585.5 million, or 30 per cent, from $5,259.1 million to $6,844.6 million. Regular budget expenditure increased by 15 per cent, technical cooperation expenditure increased by 13 per cent, and expenditure for general trust funds and other funds increased by 99 and 16 per cent, respectively. Figure I.I provides a graphic comparison of expenditure by category for the past four bienniums, respectively.

Figure I.I



[a] Includes funds for tax equalization, capital assets, end-of-service and post-retirement benefits, and other special funds.

7. Table I.1 shows the expenditure for the four categories of United Nations activity as a percentage of total expenditure for the past four bienniums.

Table I.1
Expenditure by category and biennium
(Percentage)

	Biennium			
Category of expenditure	*2000-2001*	*2002-2003*	*2004-2005*	*2006-2007*
Regular budget	58.9	60.0	59.1	53.3
Technical cooperation	6.7	5.3	4.5	4.0
General trust funds	15.3	13.7	14.7	23.0
Other funds	19.1	21.0	21.7	19.7
Total	**100.0**	**100.0**	**100.0**	**100.0**

C. United Nations General Fund, Working Capital Fund and United Nations Special Account

8. The United Nations General Fund comprises all regular budgetary income and expenditure, as well as the assets, liabilities and reserves and fund balances of the Organization other than those specifically identified with other funds. Statement IV shows the status of regular budgetary appropriations. Statement V shows income and expenditure, assets, liabilities and reserves and fund balances as at 31 December 2007 of the General Fund, the Working Capital Fund and the United Nations Special Account.

9. The final appropriation for the regular budget for the biennium 2006-2007 totalled $4,193.8 million. Actual expenditure totalled $4,146.3 million, or 1.1 per cent, lower than the final appropriation. However, expenditure for the biennium 2006-2007 was 15 per cent higher compared with the total expenditure of $3,612.2 million for the biennium 2004-2005, due primarily to an increase in the number of special political missions and the higher costs arising from the weakening of the United States dollar. Tables I.2 and I.3 show the percentage distribution of expenditure for the regular budget for the past two bienniums by major activity and object of expenditure.

Table I.2
Expenditure by major activity for the regular budget
(Percentage)

	Biennium	
Major activity	*2004-2005*	*2006-2007*
Overall policymaking direction and coordination	16.8	15.9
Political affairs	16.2	19.9
Economic, social and humanitarian affairs	25.6	24.6
International justice and law	2.0	1.9
Public information	4.4	4.1
Common support services	15.6	15.3
Staff assessment	11.9	10.5
Capital and special expenditure	7.5	7.8
Total	**100.0**	**100.0**

Table I.3
Expenditure by object of expenditure for the regular budget
(Percentage)

	Biennium	
Object of expenditure	*2004-2005*	*2006-2007*
Salaries and other personnel costs	74.7	74.6
Travel	2.1	2.2
Contractual services	2.7	3.7
Operating expenses	8.8	9.5
Acquisitions	6.3	5.3
All other expenses	5.4	4.7
Total	**100.0**	**100.0**

10. Schedule 5.2 contains the details of miscellaneous income, which amounted to $76.0 million for the biennium 2006-2007. This amount was $32.2 million, or

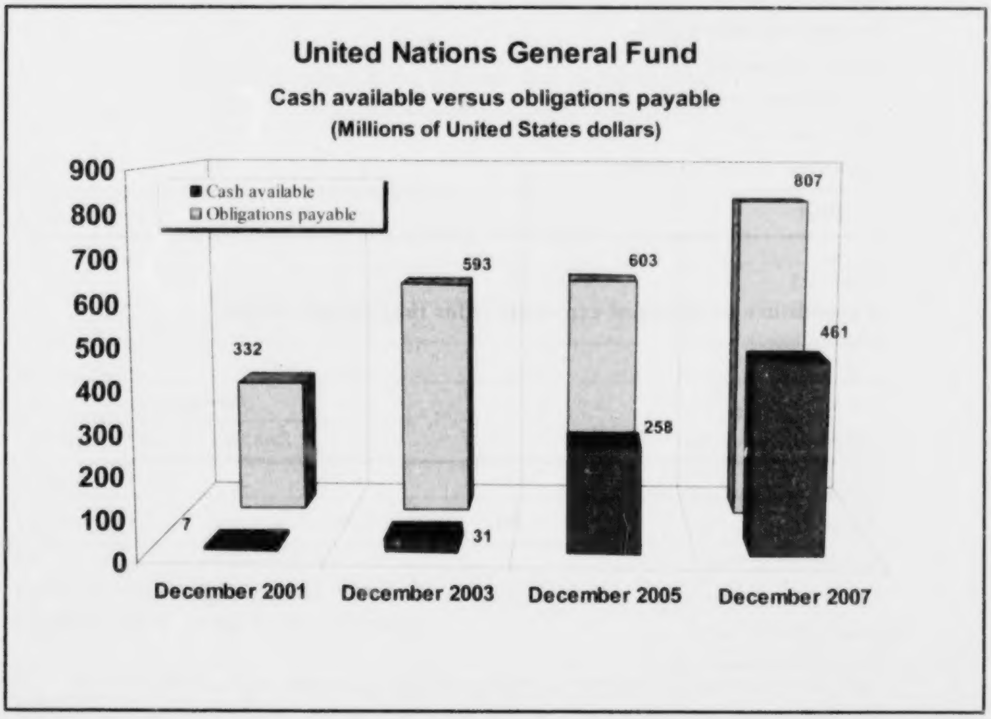
73 per cent, higher compared with the biennium 2004-2005, largely as a result of an increase in interest income.

11. As at 31 December 2007, unpaid assessed contributions to the regular budget totalled $439.7 million, representing an increase of $94.9 million, or 28 per cent, compared to the situation as at 31 December 2005.

12. The level of unpaid contributions has risen compared with the previous biennium owing to the failure of Member States to pay their assessed contributions in full and on time, which results in cash shortages, which leads to the need for the regular budget to borrow from other sources in order to meet its obligations. The sources for borrowing continued to be the Working Capital Fund and the United Nations Special Account.

13. The level of unpaid assessments continues to have a negative impact on the Organization's liquidity. Figure I.II illustrates the level of the Organization's obligations, consisting of payments due to various providers of goods and services, and the extent to which those obligations exceeded the amounts of available cash as at the end of the past four bienniums.

Figure I.II



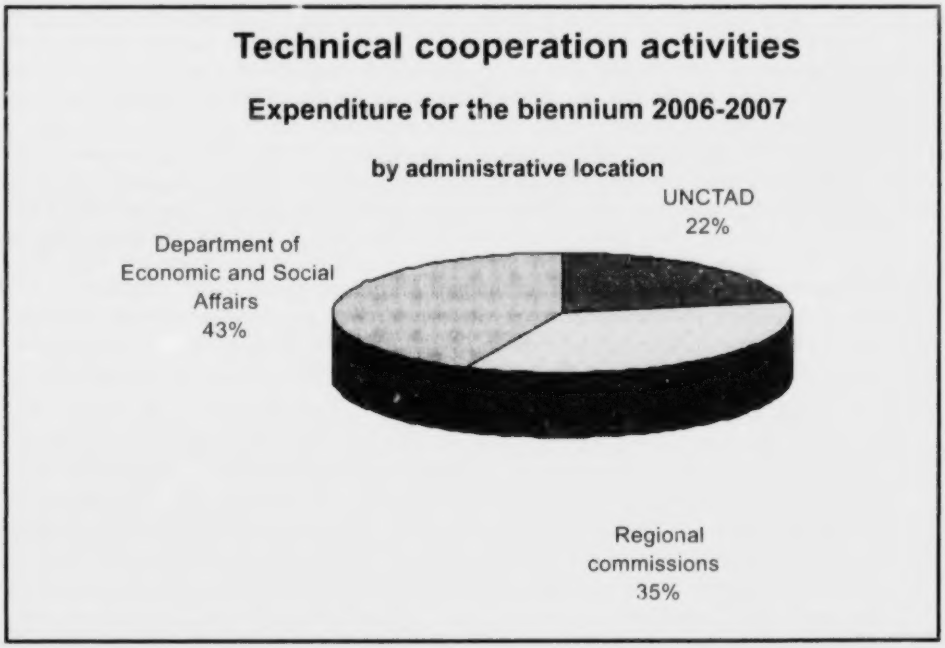
14. As at 31 December 2007, the General Fund's reserves and fund balances amounted to $209.4 million and comprised an authorized retained surplus of $68.3 million and a cumulative surplus of $141.1 million. The surplus position resulted mainly from an excess of income over expenditure of $95.6 million and savings on or cancellation of prior periods' obligations of $45.5 million.

15. In accordance with General Assembly resolution 60/283, the level of the Working Capital Fund increased from $100 million to $150 million in 2007. The increase was financed from the 31 December 2005 cumulative surplus balance of $34.9 million in the United Nations General Fund and an assessment of $15.1 million on Member States.

D. Technical cooperation activities

16. Statement VI reflects the results of United Nations activities in the field of technical cooperation. Total expenditure for technical cooperation activities was $312.9 million, representing a moderate increase of $35.6 million, or 13 per cent, compared with the biennium 2004-2005. Figure I.III shows the composition of technical cooperation expenditure by administrative location.

Figure I.III



E. General trust fund activities

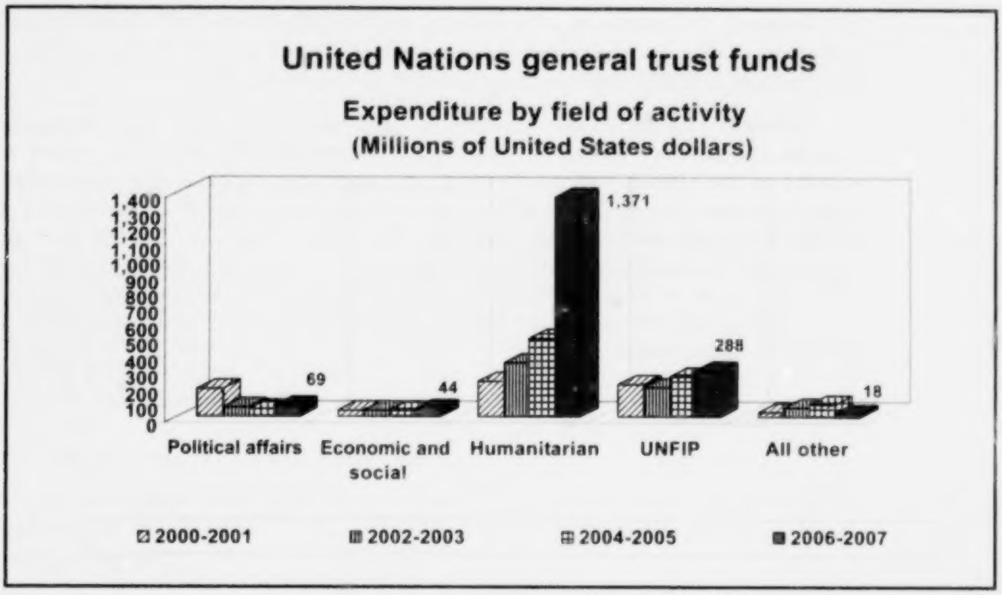
17. The United Nations trust funds serve to support or supplement the substantive work programme of the Organization or to contribute to humanitarian or relief assistance activities. A consolidated summary of the 162 general trust funds is included in statement VII. During the biennium 2006-2007, 9 general trust funds were established, 1 was transferred to the United Nations Office on Drugs and Crime and included in its financial statements, and 13 were closed.

18. The General Assembly decided, in its resolution 60/124, to upgrade the former Central Emergency Revolving Fund, which provided loans, to the Central Emergency Response Fund which, in addition to loans, would also provide grants. The grant element is to ensure a more timely and predictable response to humanitarian emergencies and to address critical humanitarian needs in underfunded emergencies. During the biennium 2006-2007, the Central Emergency Response Fund had income of $668.7 million and provided grants of $560.3 million, excluding programme support costs.

19. Total income increased by 92 per cent to $2,030.1 million for the biennium 2006-2007, primarily as a result of an increase in voluntary contributions, including an increase of $625.8 million for the Central Emergency Response Fund, and $124.9 million for the Trust Fund for Disaster Relief Assistance.

20. Total expenditure of $1,790.4 million for all general trust funds was 99 per cent higher than the comparable total of $899.2 million for the biennium 2004-2005. Seven funds accounted for 86 per cent of total expenditure for all general trust funds, namely, the Central Emergency Response Fund ($610.5 million), the United Nations Fund for International Partnerships (UNFIP) ($288.4 million), the Trust Fund for Disaster Relief Assistance ($248.0 million), the trust fund established to support the activities of the Centre for Human Rights ($138.1 million), the Voluntary Trust Fund for Assistance in Mine Clearance ($113.3 million), the trust fund for strengthening the Office of the Emergency Relief Coordinator ($74.7 million) and the Trust Fund for Human Security ($71.3 million). Summary data on all trust funds is contained in schedule 7.1. Figure I.IV illustrates trust fund expenditure by field of activity for the past four bienniums.

Figure I.IV



F. Other funds

21. Statements VIII to XI provide information on funds established by the United Nations for various special purposes. A description of each of those funds or group of funds is included in the notes to the financial statements. Selected statements and schedules are highlighted below.

22. Statement IX shows the activities related to capital assets and construction in progress. During the biennium, Member States were assessed $461.5 million for the capital master plan, and the working capital reserve for the capital master plan was established at $45 million, in accordance with General Assembly resolution 61/251.

23. With effect from the biennium 2006-2007, accrued liabilities with respect to after-service health insurance, repatriation benefits and unused vacation days are reported in the statement of assets, liabilities and reserves and fund balances in statement X. The change in presentation is made in order to recognize such liabilities when incurred, and is in accordance with General Assembly resolution 60/255 with respect to recognition of after-service health insurance liabilities. Those liabilities for the United Nations, excluding those for peacekeeping operations amounted to $2,331.7 million as at 31 December 2007, comprising $2,041.3 million for after-service health insurance benefits, $147.9 million for repatriation benefits and $142.5 million for unused vacation days.

24. As noted in paragraph 23 above, the United Nations accrued after-service health insurance liabilities, excluding those for peacekeeping operations, amounted to $2,041.3 million as at 31 December 2007. The liabilities for peacekeeping operations were $389.6 million. Therefore, the total accrued liabilities in respect of

after-service health insurance, for the United Nations as a whole, were $2,430.9 million as at 31 December 2007.

25. Schedule 11.1 shows that the reserves and balances of various United Nations funds held-in-trust for health and life insurance at the end of 2007 had increased by $68.1 million to $385.2 million compared with 31 December 2005.

26. Schedule 11.2 shows the activities in the programme support costs accounts, with the exception of the support account for peacekeeping operations, which is reported in the United Nations financial statements for peacekeeping operations. Overall income totalled $222.4 million for the biennium 2006-2007, representing a 29 per cent increase over the previous biennium's total of $171.9 million. Expenditure totalled $163.1 million, representing a 13 per cent increase from the 2004-2005 figure of $144.2 million. As a result, ending reserves and fund balances as at 31 December 2007 increased to $195.3 million from $132.0 million at the end of the previous biennium.

Annex

Supplementary information

1. The present annex provides an explanation of the double-counting contained in the financial statements, along with information that the Secretary-General is required to report.

Double-counting in the financial statements

2. The United Nations financial statements for individual funds contain elements of double-counting of income of $830.1 million, of expenditure of $939.3 million and transfers to other funds of $109.2 million. Those amounts have been eliminated, as shown in statement I. Similarly, the United Nations financial statements for individual funds contain elements of double-counting of inter-fund indebtedness totalling $924.3 million. Those amounts have been eliminated from the assets and liabilities figures shown in statement II.

Write-off of losses of cash and receivables

3. In accordance with financial rule 106.8, write-offs totalling $282,910 were approved for the biennium 2006-2007. A breakdown of the write-offs is shown in the following table:

	Biennium	
Fund/activity	*2004-2005*	*2006-2007*
United Nations General Fund	621 639	102 051
Revenue-producing activities	—	57 131
Technical cooperation activities	10 960	13 040
General trust funds	79 262	11 574
Other funds	376 743	99 114
Total	**1 088 604**	**282 910**

Write-off of losses of property

4. In accordance with financial rule 106.9, property losses amounting to $1,140,915 were written off during the biennium 2006-2007. The losses are based on the original cost of the property, and include write-offs arising from shortfalls, thefts, damages and accidents. The write-offs bring the recorded balances of property to the same levels as those shown in the property records for the actual quantities on hand.

Ex gratia payments

5. In accordance with financial rule 105.12, ex gratia payments amounting to $69,817 were made during the biennium 2006-2007.

Chapter II

Report of the Board of Auditors

Summary

The Board has audited the financial statements of the United Nations for the biennium ended 31 December 2007. In addition, the Board has reviewed, under financial regulation 7.5, the operations of the United Nations at its Headquarters and at the United Nations offices away from Headquarters located in Addis Ababa, Bangkok, Bujumbura, Geneva, The Hague, Kathmandu, Islamabad, Jerusalem, Israel, Nairobi, Phnom Penh, Santiago, Turin, Italy and Vienna.

The Board has issued an unqualified opinion on the financial statements for the period under review, as reflected in chapter III of the present report.

Coordination with internal audit

The Board coordinated with the Office of Internal Oversight Services (OIOS) in the planning of the audit in order to avoid duplication of effort. In addition, the Board reviewed the internal audit coverage of the operations of OIOS to assess the extent to which reliance could be placed on the work of the Office.

Follow-up of previous recommendations of the Board

In response to the request of the Advisory Committee on Administrative and Budgetary Questions and in accordance with paragraph 7 of General Assembly resolution 59/264 A, the Board has evaluated the ageing of its previous recommendations that had not yet been fully implemented and has indicated the financial periods in which such recommendations were first made. A detailed list of the implementation status of previous recommendations can be found in annex I to the present chapter.

Of the 224 recommendations, 153 (68.3 per cent) have been fully implemented, 65 (29.0 per cent) have been partially implemented, and 6 (2.7 per cent) were overtaken by events. Of the 65 recommendations which are under implementation, 44 (67.7 per cent) dated back to the biennium 2004-2005, 19 (29.2 per cent) dated back to the biennium 2002-2003, 1 (1.5 per cent) dated back to the biennium 2000-2001, and 1 (1.5 per cent) dated back to the biennium 1998-1999.

The implementation rate of recommendations by the Administration has improved very significantly to 68.3 per cent from 26 per cent in the previous biennium.

Financial overview for the biennium ended 31 December 2007

Total income amounted to $7.99 billion compared with $5.75 billion for the previous biennium, an increase of 39.0 per cent. Expenditure amounted to $6.84 billion versus $5.26 billion for the previous biennium, an increase of 30.1 per cent. This resulted in a surplus of $1.15 billion compared with a surplus of $0.49 billion for the previous biennium. The increase in the Organization's income was due mainly to an increase in assessed contributions (up 28 per cent), which was the result of an increase in assessments for the regular budget and the capital master plan. The increase was also due to a large rise in voluntary contributions (up 67 per cent), in particular those paid into general funds for special uses in the areas of human rights and humanitarian affairs, which more than doubled. This resulted from the creation of the Central Emergency Response Fund, which became fully operational during the biennium 2006-2007. In addition, interest income tripled compared with the previous biennium due mainly to a large increase in investments.

The increase in expenditure was due primarily to (a) the rise in the Organization's regular budget, which accounted for one third of the total increase in expenditure; and (b) the increase in expenditure of general trust funds in the area of human rights and humanitarian affairs, which accounted for half of the total increase.

Owing to the provision for the Organization's liability for end-of-service benefits, including after-service health insurance coverage — for which no specific funding had been allocated by the General Assembly — an adjustment of $1.96 billion was made to the reserves and funds balances, which was a factor in the latter falling by about half. Total reserves and fund balances amounted to $1.40 billion at the end of the biennium 2006-2007 against $2.61 billion at the end of the previous biennium.

The value of the Organization's assets increased by 47.7 per cent compared with the previous biennium. As of 31 December 2007, the value amounted to $5.29 billion owing to an increase in cash pools by 86 per cent. Deferred charges of $124.1 million were recorded for the capital master plan together with an increase of $129.5 million in outstanding voluntary contributions from the last biennium. The Organization's total liabilities increased fourfold since the last biennium, rising from $0.97 billion to $3.88 billion, resulting from the recording of after-service health insurance and other end-of-service liabilities in the amount of $2.33 billion.

End-of-service and post-retirement liabilities

In accordance with resolutions 60/255 and 61/264, the Administration disclosed the after-service health insurance liabilities on the face of the financial statements. Dedicated funds were created to record and monitor changes in those liabilities, and a new financial statement (statement X) has been added to the previous statements.

As at 31 December 2007, the total end-of-service and post-retirement liabilities amounted to $2.33 billion, which comprise $2.04 billion (87.5 per cent) for after-service health insurance liabilities, $0.15 billion (6.5 per cent) for liabilities relating to repatriation benefits and $0.14 billion (6 per cent) for unused vacation days. As stated in note 10 (d) to the financial statements, repatriation benefits for the regular budget are not accrued.

The presentation of the financial statement X shows that no specific sums have been allocated to fund those liabilities.

The total reserves and funds balances of the Organization remained positive at the end of the biennium ($1.4 billion). The earmarked nature of the funds prevents the resources of one fund from being allocated as expenditure to pay for another, as noted in note 3 (a) of the financial statements, which therefore correctly reflect the fact that funds have not been set aside to cover the Organization's end-of-service liabilities.

As requested by the General Assembly in its resolution 61/264, the Board has validated the after-service health insurance liabilities disclosed in the financial statements. This was achieved through reliance on external actuarial valuation and the Board's own procedures.

Progress towards the implementation of the International Public Sector Accounting Standards

In accordance with General Assembly resolution 61/233 A, the Board assessed the status of implementation of the International Public Sector Accounting Standards (IPSAS). The Board noted progress towards the adoption and approval of United Nations system-wide harmonized IPSAS accounting policies and practices. As for the United Nations, the Board noted that the delay in funding the enterprise resource planning system would likely result in the postponement of the IPSAS compliance target to 2011 at the earliest and not 2010 as originally planned.

Enterprise resource planning system

The Board examined the management of the enterprise resource planning system project at the end of the first quarter of 2008 and concluded at this preliminary stage of the project that:

(a) In compliance with decisions taken by the General Assembly, the enterprise resource planning team had undertaken the preparatory phase of the project within the limited resources allocated to the project;

(b) The majority of deviations from best practices at the preparatory stage was due to the lack of funding for the project;

(c) The main risks of the project related to its implementation schedule and to the processing of data during the transition phase.

The Board examined the report of the Secretary-General on enterprise systems for the United Nations Secretariat worldwide (A/62/510/Rev.1), which addressed most of the requests made by the Advisory Committee on Administrative and Budgetary Questions (see A/62/7/Add.31). The Board found that overall, the report of the Secretary-General provided a fair description of the preparatory work for the project. However, the timetable proposed in the report was based on the assumption that the project would be approved by the General Assembly at its sixty-second session, and no alternative schedule was mentioned. However, shortly before the report of the Secretary-General was submitted, the General Assembly made known that because of scheduling reasons, it could not consider the report at its resumed sixty-second session as originally planned but would do so during the main part of its sixty-third session, in the last quarter of 2008. This will result in the delay of completion of the project by six months, which is likely to lead to the postponement of the implementation date of IPSAS.

The report of the Secretary-General on enterprise systems constitutes a sound basis for a decision to be taken by the General Assembly at the earliest opportunity.

Procurement and contract management

The Board examined the implementation of procurement reform and the application of the rules set out in the Procurement Manual in the departments audited at Headquarters and at offices away from Headquarters. As for the implementation of procurement reform, the Board noted that progress had been made in improving procedures. However, the Board found that:

(a) The reporting scheme and the senior appointments of the Procurement Division at Headquarters had not been finalized;

(b) At the United Nations Office at Geneva, procurement planning was not adequate, the composition of the Tender Opening Committee was not in line with the Procurement Manual, and a complete update of the database of vendors had not yet taken place.

Non-expendable property

The Board noted that limited progress had been made regarding the completeness and the quality of inventories at both Headquarters and offices away from Headquarters.

Buildings and space management

The review of the management of the Organization's buildings and workspaces indicated that the Administration did not have adequate processes to monitor the configurations and the actual use of its workspaces. Moreover, the review noted that the Administration did not have an overall strategy with regard to the occupation of those spaces. In addition, the Board noted in particular the dispersion of United Nations buildings in Nairobi and the inefficient use of conference centres by the Secretariat's offices away from Headquarters and by the regional commissions.

Information technology

The Administration did not have a documented description of the complete architecture of its various information technology systems that would include the data processed and the interfaces between systems. Data security was also in need of improvement with regard to remote access to systems and the physical protection of server rooms.

Internal audit

The Board examined some aspects of the auditing process implemented by the Internal Audit Division of OIOS. The Board noted improvements in the Division's organization, management and operations. In particular, the creation of a professional practices section has enhanced and harmonized the auditing methodology; the new section facilitated a revision of the audit manual and procedures. It also has contributed to the introduction of an overall methodological framework organized on a risk-based approach, which is aimed at improving the Division's operations and aligning them with the International Standards for the Professional Practice of Internal Auditing.

However, the Board took note of issues regarding the management of internal auditing processes. The rate of implementation of audit assignments was low (less than 50 per cent), resulting partly from the ambitious nature of the work programme and the inadequate supervision of auditing process deadlines. In addition, the risk-based approach is not deployed completely in some areas; notably, the links to the identified risks of both the internal control mechanisms and the recommendations made are insufficient.

Inter-agency coordination

The United Nations Office at Nairobi has no appointed Director-General. In principle, in accordance with the Secretary-General's bulletin on the organization of the Office (ST/SGB/2000/13 and Corr.1), it is the Executive Director of the United Nations Environment Programme (UNEP) who should be the Director-General of the United Nations Office at Nairobi. During the biennium 2006-2007, however, the Executive Director of the United Nations Human Settlements Programme (UN-Habitat) in Nairobi carried out those duties. This situation does not comply with the terms of the aforementioned bulletin. The Board took note that an amendment to the bulletin was being prepared to permit the longest serving Executive Director of either UNEP or UN-Habitat to be in charge of the United Nations Office at Nairobi.

The sharing of the Gigiri compound by several United Nations organizations in Nairobi saves costs and is beneficial to all. Nevertheless, it created disagreements in cost allocation and savings.

Cases of fraud and presumptive fraud

The Board examined the cases of fraud and presumptive fraud submitted by the Administration for the biennium 2006-2007 in accordance with the Financial Regulations and Rules of the United Nations. The Board noted that 14 cases of fraud and presumptive fraud had been identified and investigated by the Administration for the biennium 2006-2007 with a total value of $644,505, which represents a doubling of cases compared with the biennium 2004-2005.

Recommendations

The Board has made several recommendations based on its audit. The main recommendations are set out in paragraph 10 of the present report.

A. Introduction

1. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements and verified the management of the United Nations for the biennium beginning 1 January 2006 and ending 31 December 2007, in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as with the International Standards on Auditing. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the United Nations as at 31 December 2007 and the results of its operations and cash flows for the financial period then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit also included a general review of financial systems and internal controls and an examination of accounting records and other supporting documentation, to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to the audit of the accounts and financial transactions, the Board carried out various reviews of the United Nations operations under regulation 7.5 of the Financial Regulations and Rules. This requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the operations of the United Nations. The General Assembly had also requested the Board to follow up on previous recommendations and to report thereon accordingly. Those matters are addressed in paragraphs 12 to 17 below.

4. The Board continued to report the results of audits to the Administration in the form of management letters containing detailed observations and recommendations. This practice allowed for ongoing dialogue with the Administration. In this regard, 22 management letters were issued covering the period under review, excluding those related to the United Nations Foundation for Partnerships and the peacekeeping operations funded from the regular budget.

5. Where observations in the present report refer to specific locations, such observations are limited only to the locations specified. They do not in any way imply that they are applicable to other locations, nor do they imply that they do not also exist at other locations.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, whose views have been appropriately reflected in the report.

7. In accordance with the request made by the General Assembly in its resolution 57/292, the Board has issued a separate report on the capital master plan (see A/63/5 (Vol. V)).

8. Pursuant to resolution 62/234, the Board has issued a special report on the activities of the Procurement Task Force from 1 January 2006 to 30 June 2007 (see A/63/167).

2. Coordination with internal audit

9. The Board continued to coordinate with OIOS in the planning of its audit in order to avoid duplication of effort and to determine the extent of reliance that could be placed on its work.

3. Main recommendations

10. The Board's main recommendations are that the Administration:

(a) **Pursue its efforts to prepare for the consolidation or aggregation of the financial statements of the United Nations under IPSAS (para. 27);**

(b) **Expedite the automation process of contributions management in order to enable real-time management of data regarding payments made by Member States (para. 41);**

(c) **Take measures to ensure that invoices are certified in a timely manner so as to ensure payment within the usual stipulated deadline of 30 days after the receipt of goods or services (para. 54);**

(d) **Adopt a funding strategy for its end-of-service and post-retirement liabilities (para. 67);**

(e) **Reconsider the disclosure of the statement of cash flows to include the cash pools as part of the total cash balance (para. 72);**

(f) **Put in place, for all of its technical cooperation activities, a results-measurement mechanism comparable to that required for the projects funded by the Development Account (para. 89);**

(g) **Ensure that UNFIP ascertains the reasons for the high value and incidence of cancellation of unliquidated obligations with a view to minimizing the extent to which such cancellations take place (para. 104);**

(h) **Ensure that UNFIP continues to monitor the ageing of advances and the related interest through its current mechanisms, utilizing the review and analysis of project expenditure against advances and interest reported in the financial utilization reports, and considers making advances in tranches to implementing partners after liquidation of previous advances to avoid making advances to implementing partners that cover an extended period (para. 117);**

(i) **Continually review its milestones for the preparation for implementation of IPSAS (para .124);**

(j) **Adopt a decision on the Secretary-General's proposals related to the enterprise resource planning system of the Secretariat (para. 136);**

(k) Finalize the top management structure of the Procurement Division and its position in the Secretariat (para. 144);

(l) In accordance with the decisions outlined by the Secretary-General in his report dated 14 June 2006 (A/60/846/Add.5), set out in the Procurement Manual clauses which aim to provide a fast purchasing response to immediate operational requirements (para. 147);

(m) Prepare a monthly scorecard on performance indicators dealing with the requisitioners' perceptions and procurement procedure lead times (para. 151);

(n) Conduct an independent assessment of requisitioners' satisfaction with procurement at certain intervals and evaluate the results (para. 152);

(o) Ensure that the United Nations Office at Geneva takes all necessary measures to properly maintain its vendor database (para. 166);

(p) Increase the managerial supervision of tender documents before they are published (para. 176);

(q) Ensure that the managers of the various services at Headquarters and at offices away from Headquarters improve their recordkeeping of non-expendable property, which should be supported by periodic physical inventory (para. 185);

(r) Prepare and implement formalized internal control procedures over non-expendable property to ensure that information provided on the total value of the equipment in use at the end of accounting periods is reliable (para. 186);

(s) Implement an overall strategy for the use of office space (para. 201);

(t) Formulate written procedures for space management and ensure their application in the following areas: planning for needs; allocating place and arbitrating requests; retrieving floor space; and limiting urgent requests (para. 203);

(u) Take appropriate measures to bring the Headquarters building systems into full compliance with safety standards (para. 207);

(v) Draw up a comprehensive scoreboard for the use of space and share it with department heads (para. 209);

(w) Ensure that the United Nations Office at Nairobi undertakes a comprehensive analysis of the costs incurred by the presence of 29 United Nations agencies and their staff outside the Gigiri compound (para. 217);

(x) Ensure that the United Nations Office at Geneva carries out inspections and periodic monitoring of all buildings so as to define the work needed to maintain or improve them and formalizes a long-term work schedule (para. 226);

(y) Prioritize the objectives of the human resources action plans and select a reduced number of them as priority targets (para. 243);

(z) Assign a few common objectives to the Under-Secretary-General for Management, the head of the Office of Human Resources Management and

relevant Under-Secretaries-General in relation to human resources management matters identified as priorities (para. 248);

(aa) **Ensure that the Office of Human Resources Management carries out a proactive advertising policy for unrepresented and underrepresented countries (para. 250);**

(bb) **Ensure that the Office of Human Resources Management revises the country ceiling for candidates allowed to participate in national recruitment examinations (para. 254);**

(cc) **Implement measures to ensure that the Administration is in compliance with resolution 2 (I) of February 1946 and, in that respect, consider, inter alia, making it a requirement that new entrants at the Professional level and above who are not fluent in both working languages undergo language tutoring upon joining the Administration (para. 261);**

(dd) **Ensure that the International Civil Service Commission makes all possible efforts, notably by encouraging participation by the organizations, to provide relevant information in order to ensure annual updates of the daily allowance rates (para. 279);**

(ee) **Ensure that the Department for General Assembly and Conference Management reviews the method for selecting external providers of translation services and enhances the criteria for assessing the performance of individual translators (para. 297);**

(ff) **Ensure that the Department for General Assembly and Conference Management formalizes the procedure and strengthens the criteria for inclusion on the roster of contractual translators (para. 303);**

(gg) **Ensure that the Department of Economic and Social Affairs draws up a formalized procedure for the choice of consultants to be implemented by all divisions and relies on a roster shared by the entire Department which contains information from each division and lists the profiles of the consultants the divisions may call upon (para. 308);**

(hh) **Document the entire architecture of systems and data that it uses to indicate all interfaces and exchanges of data between systems, their nature and the documents on all associated controls (para. 316);**

(ii) **Ensure that the Internal Audit Division of OIOS further develops its risk-based approach with respect to the management of its work programme, the connection between the risk analysis and internal controls and the follow-up procedures for the recommendations made (para. 338);**

(jj) **Ensure that the Internal Audit Division of OIOS improves the overall management of the audit process, in particular the follow-up of the auditors' working days, in order to improve the completion rate of its programme (para. 340);**

(kk) **Ensure that the United Nations Office at Nairobi maintains its capacity to offer common services to other United Nations entities and obtains fair compensation for them (para. 360);**

(ll) Ensure that the United Nations Office at Vienna maintains updated tables of endowments and income and planned and activated expenses of the funds for which it maintains the books of account (para. 363);

(mm) **Envisage that the United Nations Office at Vienna identifies its management costs and their breakdown between it and the United Nations Office on Drugs and Crime (para. 364).**

11. The other recommendations made by the Board appear in paragraphs 47, 51, 61, 74, 110, 157, 160, 163, 169, 190, 195, 223, 231, 236, 239, 257, 262, 275, 287, 294, 304, 319, 322, 328, 332, 333, 349, 356, 369, 376, and 377. They do not cover the issue of disciplinary sanctions and measures that the Administration might wish to impose on civil servants who regularly fail to comply with the obligation to ensure adherence to the Financial Regulations and Rules of the United Nations, the financial management rules of the Organization as well as administrative instructions or connected directives.

B. Detailed findings and recommendations

1. Follow-up of previous recommendations

12. In accordance with paragraph 7, section A, of General Assembly resolution 51/225, the Board reviewed the actions taken by the United Nations to implement the recommendations made in its report on the biennium ended 31 December 2005.

13. Out of the 224 recommendations made during previous bienniums which had not been implemented as at 31 December 2005, 153 (68.3 per cent) have since been fully implemented, 65 (29.0 per cent) have been only partially implemented, and 6 (2.7 per cent) were overtaken by events. Details of those recommendations are provided in annex I to the present chapter.

Recommendations overtaken by events

14. As the Administration is in the process of migrating to a new enterprise resource planning system, it decided not to make any major investments to maintain or update the current integrated management information system (IMIS) other than those justified to preserve the integrity of data. As a consequence, three previous recommendations by the Board relating to IMIS had been overtaken by events. They are the following:

(a) The recommendation made in the report relating to the biennium 2000-2001 (A/57/5 (Vol. I) and Corr.1) in which the Board requested that the Administration conduct a comprehensive review of IMIS users' satisfaction levels and requirements in order to initiate coordinated action with a view to improving the value for money of the overall investment in and expenditure on information and communications technology;

(b) The recommendation set out in the report relating to the biennium 2002-2003 (A/59/5 (Vol. I)) and two other related recommendations in the report on the biennium 2004-2005 (A/61/5 (Vol. I)) report in which the Board requested that the Administration introduce additional control mechanisms in IMIS in the area of human resources (including controls on duplicate files and verification of promotions);

(c) The recommendation contained in the report on the biennium 2004-2005 (A/61/5 (Vol. I)) regarding the development of a system to record the actual expenditure associated with servicing reimbursable meetings and conferences serviced by the Department for General Assembly and Conference Management.

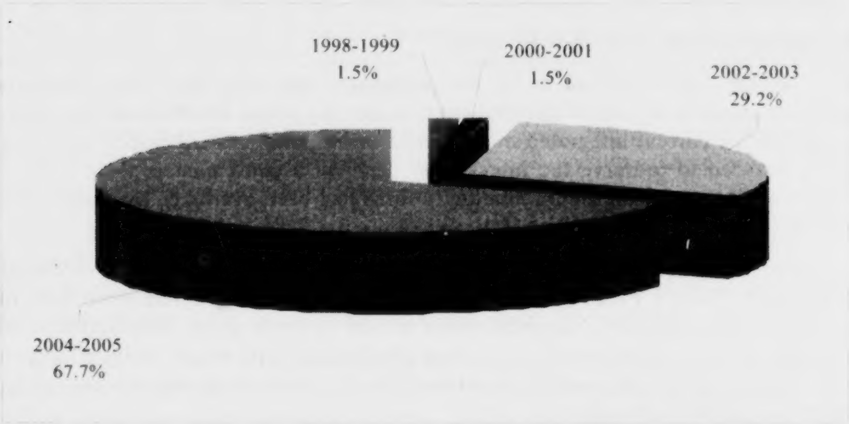
15. In addition, the recommendation made to the Department of Peacekeeping Operations in the report relating to the biennium 2004-2005 (A/61/5 (Vol. I)) requesting that a formal amendment be made to a contract related to the construction and reinforcement of the security perimeter fence of the United Nations Truce Supervision Organization at the Gaza compound was overtaken by events, since the corresponding construction works have been completed.

Ageing of previous recommendations

16. As requested by the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8), the Board also evaluated the ageing of its recommendations from the previous biennium that had been partially or not yet implemented. The financial periods in which such recommendations were first made are indicated in annex I to the present chapter.

17. Of the 65 recommendations which had been implemented either partially or not at all, 44 (67.7 per cent) dated back to the biennium 2004-2005, 19 (29.2 per cent) dated back to the biennium 2002-2003, 1 (1.5 per cent) dated back to the 2000-2001 biennium, and 1 (1.5 per cent) dated back to the biennium 1999-2000, as illustrated in figure II.I below.

Figure II.I
Ageing of partially implemented and unimplemented recommendations of previous bienniums



2. Presentation and disclosure of financial statements

18. As its title indicates, the present report deals with the financial statements of the United Nations. However it is important to note that the financial statements on which the Board issues an opinion in section III below do not cover the United Nations as a whole. While in its financial report and in the presentation of the

financial statements the Administration uses such phrases as "accounts of the United Nations" or "accounts of the Organization", it is indicated in note 2 (j) to the financial statements that a series of separate financial statements are issued for entities that belong to the United Nations.

19. The reasons for issuing separate financial statements vary from one entity to the other. To simplify, there are three main reasons:

(a) The reporting entity has a large financial and administrative autonomy from the Secretary-General, which is reflected in its budgets, financial regulations and rules, and which can be seen, inter alia, in the fact that the Secretary-General does not approve the financial statements of the concerned entity; this is generally the case for the funds and programmes;

(b) The reporting entity is more dependant on the Secretary-General and the Secretariat, which can be seen, inter alia, in the fact that the Secretary-General approves the financial statements of the concerned entity and has them certified by the Controller of the United Nations; this is the case for some subsidiary bodies of the Security Council (the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia, the United Nations Compensation Commission) and other entities, including the International Trade Centre UNCTAD/WTO (ITC) and the United Nations University;

(c) The entity is under the authority of the Secretary-General, but an internal rule or a decision by the General Assembly or the Security Council requires the issuing of separate financial statements; this is the case for peacekeeping operations and for the United Nations escrow (Iraq) accounts.

20. To a certain extent, the existence of several distinct financial statements for the United Nations is an illustration of its complexity. Over time, new bodies have been created whose accounts have not been included in the scope of what originally was the single set of financial statements of the United Nations. As a consequence, those statements do not encompass all the financial operations, assets and liabilities of the United Nations.

21. Another shortcoming of this situation is that there is no easy way to reconstitute the aggregated financial situation of the United Nations. Adding up the figures of the financial statements of all the entities belonging to the United Nations would not be correct for several reasons. Chief among those reasons is that inter-fund and inter-agency transactions, balances and relations are not adequately accounted for in all the financial statements of the United Nations entities. For example, as noted by the Board in its report on the financial statements of the UNEP fund (see A/61/5/Add.6), the resources of UNEP stemming from the United Nations regular budget are not incorporated in the Programme's financial statements.

22. This situation is permitted by the United Nations system accounting standards, which do not require the Administration to prepare aggregated or consolidated financial statements, but do not restrict its preparation either. Consequently, the fact that the financial statements of the United Nations do not cover the Organization as a whole does not constitute a departure from the accounting standards applicable to the United Nations.

23. Nevertheless, the Board notes that the General Assembly is not provided with a comprehensive view of the financial position and performance of the

Organization. This is all the more problematic as system-wide challenges are numerous, notably in the financial area. As an illustration, the importance of accounting for assets and liabilities is increasing, and the split of some assets and liabilities does not offer a global perspective of the entire possessions and obligations of the United Nations. This is notably the case for the after-service health insurance liabilities, which are disclosed in the separate financial statements of the entities comprising the United Nations. This disclosure complies with the fact that the after-service health insurance liabilities are borne primarily by those entities. Yet it fails to give an aggregate account for the financial issue facing the United Nations if any given individual entity were unable to honour its own liabilities.

24. While the United Nations strives to improve coordination and harmonization of management across the system, it is crucial that the General Assembly and the Administration have aggregated or consolidated financial information in order to improve financial disclosure and ease decision-making in areas of common interest for all the entities of the Organization.

25. In this regard, the implementation of IPSAS could contribute to making progress towards consolidation. IPSAS 6 stipulates that a controlling entity shall present consolidated financial statements in which it consolidates its controlled entities. The United Nations may fall in the category of controlling entities, even though the consolidation scope is yet to be determined.

26. The Administration has started to deal with these particularly complex and important issues with the help of a consultant.

27. **The Board recommends that the Administration pursue its efforts to prepare for the consolidation or aggregation of the financial statements of the United Nations under IPSAS.**

3. Financial overview[1]

Key financial ratios

28. The financial statements showed a positive net income over expenditure, an excess of assets over liabilities and a positive cash flow balance. An analysis of the key financial ratios shown in table II.1 confirms the healthy financial status of the Organization, especially in terms of its cash position. Despite a significant increase in the Organization's total cash, the cash-to-liabilities ratio decreased significantly from 1.90 as at 31 December 2005 to 0.72 as at 31 December 2007, owing to the recording for the first time of end-of-service liabilities valued at $2.3 billion. While the financial situation remained healthy as at 31 December 2007, this decrease may present difficulties as far as the settlement of the end-of-service liabilities is concerned.

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[1] Figures for the biennium ended 31 December 2005 have been restated in the financial statements for the biennium ended 31 December 2007, mainly because of changes in the scope of the financial statements. Unless indicated otherwise, the figures for the biennium 2004-2005 used in the present report for comparative purposes are the restated figures disclosed in financial statements for the biennium 2006-2007.

Table II.1
Ratios of key financial indicators

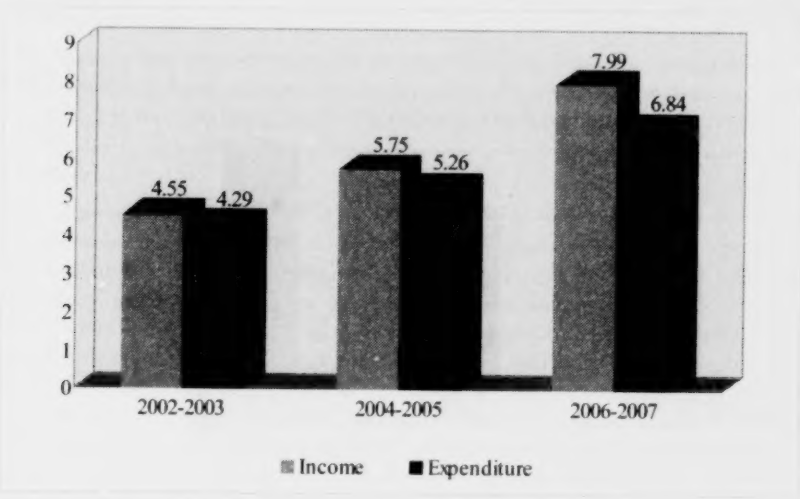
	Biennium ended 31 December			
	2003	2005	2007	Component of 2007 ratio[a]
Assessed contributions receivables/total assets[b]	0.15	0.10	0.11	573/5 289
Total cash[f]/total assets[c]	0.42	0.51	0.53	2 803/5 289
Total cash[f]/total liabilities[d]	1.60	1.90	0.72	2 803/3 885
Unliquidated obligations/total liabilities[e]	0.46	0.55	0.23	886/3 885

[a] In millions of United States dollars.
[b] A low indicator depicts a healthy financial position.
[c] A high indicator depicts a healthy financial position.
[d] A low indicator is a reflection that insufficient cash is available to settle debts.
[e] A low indicator is a positive reflection that obligations are being liquidated.
[f] Cash and term deposits and cash pools.

4. Statement of income and expenditure

29. Total income for the biennium 2006-2007 amounted to $7.99 billion, and expenditure amounted to $6.84 billion, resulting in a surplus of $1.14 billion. The corresponding figures for the 2002-2003 and 2004-2005 bienniums are provided in figure II.II.

Figure II.II
Comparative income and expenditure
(In billions of United States dollars)



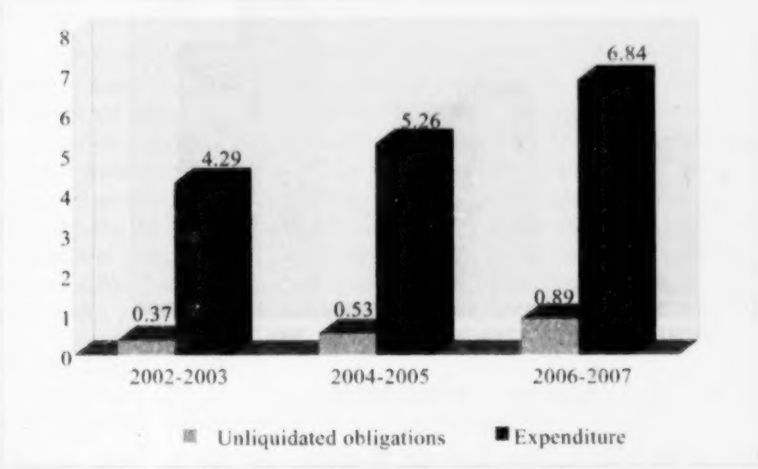
30. The increase in total income from $5.75 billion for the biennium ended 31 December 2005 to $7.99 billion for the biennium ended 31 December 2007 was due mainly to an increase in assessed contributions (up 28 per cent), which was the result of an increase in the regular budget assessment and the capital master plan

assessment. The increase was also due to a large rise in voluntary contributions (up 67 per cent), in particular those paid into general funds for special uses in the areas of human rights and humanitarian affairs which more than doubled. This resulted from the creation of the Central Emergency Response Fund, which became fully operational during the biennium 2006-2007. In addition, interest income tripled compared with the previous biennium due mainly to a large increase in investments.

31. The increase in expenditure from $5.26 billion for the biennium ended 31 December 2005 to $6.84 billion for the biennium ended 31 December 2007 had similar causes: first, the increase in the Organization's regular budget, which accounted for one third of the total increase in expenditure; and second, the increase in expenditure of general trust funds, in particular the Central Emergency Response Fund, which accounted for slightly more than half of the total increase. Due to the recording of end-of-service liabilities — for which no specific funding had been allocated by the General Assembly — an adjustment of $1.96 billion was made to the reserves and funds balances, which caused them to decrease by approximately half. Reserves and funds balances amounted to $1.40 billion at the end of the biennium 2006-2007, compared with $2.61 billion at the end of the biennium 2004-2005.

32. As at 31 December 2007, unliquidated obligations amounted to $885.7 million and represented 13 per cent of total expenditure. The balance increased by $356.5 million (up 40.2 per cent) from the previous biennium. In figure II.III, unliquidated obligations are compared with total expenditure for the bienniums 2002-2003, 2004-2005 and 2006-2007.

Figure II.III
Unliquidated obligations as against total expenditure
(In billions of United States dollars)



Management of contributions

33. The management of contributions by the Contributions Service is a manual process that relies on spreadsheets for the calculation and notification of assessed contributions and for the preparation of the periodic reports on the status of contributions. The detailed data is kept in paper form, and the cash receipt vouchers are also issued manually.

34. Those manual procedures increase the risk of errors and the overall workload of the Contributions Service. The testing carried out by the Board did not reveal any errors, which gives reasonable assurance on the level of control over the procedures. However, internal control procedures, such as the reconciliation between accounting and management data, are difficult to perform. Moreover, delays have been detected in the following key procedures: issuance of cash receipt vouchers; application of the payments to the corresponding assessments; and editing of the periodic reports on the status of contributions.

35. The delays are due partly to a lower-than-usual number of staff from the beginning of 2007 onward. The procedures mentioned above have yet to be streamlined in order to reduce the average time needed for their implementation.

36. The issuance of cash receipt vouchers is a cumbersome process. For the payment sample used in the audit, the time between the date of payment and the date of issuance of the cash receipt voucher averaged 12 calendar days, but was twice as long in the case of multiple payments. In at least one case observed by the Board, a cash receipt voucher addressed to a Member State did not indicate the correct allocation of the payment and showed an overpayment when in fact there was an outstanding balance. This error was later corrected in the Contributions Service's records, and the payment was correctly entered into the accounts. However, the error resulted in financial implications, because the Member State subsequently requested reimbursement of all overpayments on other operations.

37. Taking into consideration the entire procedure, from the receipt of funds in the Organization's bank account up to the time the contribution was entered in the accounts, it took on average 52 days during the test period, from January 2006 to March 2007. The time frame was much longer in certain cases (four months in one instance).

38. An assessed contribution is regarded as a receivable until its payment is definitively applied to the corresponding assessment. This results in the overestimation of receivables, which is corrected at year-end and does not, therefore, have an impact on the final financial statements. However, during the year, when the Accounts Division has not yet applied a payment made by a Member State to the corresponding assessment, but the Contributions Service has confirmed receipt of the payment, the Member State may be regarded as in arrears from an accounting perspective while the Contributions Service considers it to be up to date. This discrepancy affects the reliability of accounting data during the biennium and renders the reconciliation between accounting and management data even more cumbersome, which delays the preparation of the monthly reports on the status of contributions.

39. Those reports are indeed issued several months after the end of the period to which they correspond. The posting of the reports on the United Nations website, and their consequent availability to Member States, takes over six months. As at

1 May 2008, the report on the status of contributions as at 31 December 2007 had still not been published. At that date, the latest report on contributions which was accessible online was the report on the status of contributions as at 30 November 2007, which had been published on 22 February 2008.

40. The project of the new automated system, currently in progress, is designed to integrate the tasks currently performed manually into IMIS — in particular the issuance of cash receipt vouchers and the editing of the monthly reports. The new system is also expected to avoid the duplication of entries, which delays the recording of payments by Member States.

41. **The Administration agreed with the Board's recommendation that it expedite the automation process of contributions management in order to enable real-time management of data regarding payments made by Member States.**

42. Calculations of assessed contributions are carried out by the Contributions Service using pre-formatted, protected spreadsheets. Notifications are then drawn up using a word-processing software programme. Based on a sample, the Board checked whether the amounts shown in the notifications were correct in accordance with the scales decided on by the General Assembly. The Board did not find any calculation errors.

43. However, the content of the notification letters concerning assessments for peacekeeping operations were not self-explanatory in some cases. Peacekeeping operations regularly run budget surpluses that give rise to credits against the Member States' contributions for the mandate commencing one year after the mandate in question (for example, the credit arising from the 2004/2005 budget surplus is offset from the contribution due for 2006/2007). As an illustration, the notification letter sent in July 2006 listed in its annex I the contributions for each of the peacekeeping operations concerned and, in annex II, the amounts to be deducted in the light of prior budget performance. However, the net amount to be paid for each operation was not given and had to be calculated by the Member State, which gave rise to misunderstandings on their part. The Board found that in some cases, Member States had paid the gross amount of their contributions. This entailed additional work for the Contributions Service, since the overpayment had to be either placed in a suspense account or applied against a contribution for a subsequent mandate for which notification letters had already been sent out.

44. The Administration indicated that 2006 was the only year in which such payment issues occurred and was attributable to turnover of staff in the Contributions Service and delays in filling some posts. In 2007, Member States were informed of the net amounts payable for each operation.

45. When short mandates are renewed in rapid succession over the course of the year, Member States do not have updated information prior to each payment on the status of contributions paid and how they are allocated to the various mandate periods; thus, overpayments can be carried over from one mandate period to the next. Notification letters fail to mention previous assessments that have been issued but not paid for prior mandate periods. The cash receipt vouchers sent to Member States give a breakdown of each payment among the different mandates. Although they are dated at the end of the month in which the payment is made, they are

sometimes issued with a delay of more than a month, and therefore do not provide Member States with updated information.

46. These findings demonstrate that communication with Member States and the regularity of payments could be improved by changing the format of notification letters to indicate, for each country, the amount and allocation of the most recent payments received, the status of payments due and payable, and the calculation used to obtain the amount of the contribution. This will only become possible, however, when the procedure is automated.

47. **The Administration agreed with the Board's recommendation that it design the future automated management system so as to indicate, in assessment notifications, the amount and allocation of the most recent payments received, the status of payments due and payable and the calculation used to obtain the amount of the contribution.**

48. The Board noted that there were no rules requiring the Contributions Service to dispatch written reminders to Member States who were in arrears. The Contributions Service has, however, set for itself the objective of sending at least one universal written reminder per year, namely, a letter indicating the outstanding payments for all assessments. In addition, for every new assessment, the Service intends to indicate in the letter the amount assessed as well as the amount outstanding for the preceding period(s).

49. A review of the Contributions Service's files revealed that universal written reminders were not sent in 2006. In addition, it was noted that, in general, individual reminders were actually sent when new assessment notifications were issued, except when those assessments related to peacekeeping operations. An ad hoc written reminder in respect of the latter was, however, issued on 31 January 2007. Lastly, specific reminder letters were issued in the second quarter of 2007 for funds that were urgently needed (for the capital master plan on 4 May 2007 and for the peacekeeping operations of the United Nations Interim Administration Mission in Kosovo and the United Nations Mission for the Referendum in Western Sahara on 9 May 2007).

50. The above shows that reminders are not sent out in accordance with a systematic plan, and their timing appears to depend on the Service's workload. Improvement in the management of reminders does however appear to be a way in which the collection rate of contributions could be improved.

51. **The Administration agreed with the Board's recommendation that it examine the possibility of sending universal reminder letters to Member States at the end of each quarter in order to increase the collection rate of contributions.**

Processing of invoices

52. On the basis of a sample of invoices amounting to $21.8 million, the Board noted that the timespan between the receipt of the invoice and its approval by the Accounts Division for payment could be from five to eight weeks. In most cases, the length of this timespan was attributable to delays in the checking and certification of invoices by the requisitioning services. Once certified and sent by the services, the corresponding invoices were processed without delay by the Accounts Division.

53. The delays in the checking and certification of invoices can prevent the Organization from fulfilling its contractual obligations which, in most cases, require payment to the vendor not later than 30 days upon delivery of products or services (see para. 9.9.15 (1) of the United Nations Procurement Manual). The current system does not allow the automatic computation of the time lag between the delivery of goods or services and the payment. Consequently, the Board was not able to verify from IMIS data whether the 30 day rule had been respected. It is important that the Administration take measures to make sure that it honours its contractual obligations in order to avoid disputes with vendors.

54. **The Administration agreed with the Board's recommendation that it take measures to ensure that invoices are certified in a timely manner so as to ensure payment within the usual stipulated deadline of 30 days after the receipt of goods or services.**

5. Statements of assets, liabilities, reserves and balances of funds

55. The Organization's assets increased by 47.7 per cent from the biennium 2004-2005. As at 31 December 2007, assets amounted to $5.29 billion owing to an increase in cash pools by 86 per cent. The Board noted the recording of $124.1 million in deferred charges for the capital master plan together with a sevenfold rise in outstanding voluntary contributions from the biennium 2004-2005 ($148.2 million against $18.7 million).

56. Of particular importance is the increase in the Organization's total liabilities, which increased fourfold since the biennium 2004-2005, from $0.97 billion to $3.88 billion, owing to the recording of the liabilities of $2.33 billion for after-service health insurance liabilities and other end-of-service liabilities.

Assessed contributions receivable

57. As at 31 December 2007, unpaid assessed contributions amounted to $573.4 million, as against $361.1 million at the end of the biennium 2004-2005, an increase of $212.3 million (58.8 per cent).

58. Paragraph 33 of the United Nations system accounting standards states that an organization may make a provision for delays in the collection of outstanding contributions. However, note 2, paragraph (m) (iv), to the financial statements stipulates that it is the policy of the United Nations not to make provision for delays in collection of such assessments.

59. In its resolution 61/233 B, the General Assembly reiterated that the issue of outstanding assessed contributions was a policy matter of the Assembly and urged all Member States to make every possible effort to ensure the payment of their assessed contributions in full.

60. In view of the special nature of assessments and the requirements of the United Nations system accounting standards, the Board is of the view that financial reporting could be improved if a provision were made in accounts to give recognition for delays in the collection of outstanding contributions.

61. **The Board recommends that the Organization keep under review the question of the accounting treatment of uncollected assessed contributions.**

End-of-service and post-retirement liabilities

62. As at 31 December 2007, the total end-of-service and post-retirement liabilities amounted to $2.33 billion, which comprised $2.04 billion (87.5 per cent) for after-service health insurance liabilities, $0.15 billion (6.5 per cent) for liabilities relating to repatriation benefits and $0.14 billion (6 per cent) for compensation for unused vacation days.

63. The Administration complied with General Assembly resolutions 60/255 and 61/264 and changed the way in which the Organization's after-service health insurance liabilities are accounted for and disclosed. Instead of providing information only in notes to the financial statements as it previously did, the Administration disclosed the amount of the end-of-service and post-retirement liabilities also on the face of the financial statements themselves. Dedicated funds were created in which the liabilities were recorded, which made it easier to follow their variation. In the case of the financial statements of the United Nations, the liabilities appear not only in a separate column in the statement of assets, liabilities, reserves and funds balances (statement II), but also in a new, stand-alone financial statement (statement X) which is dedicated entirely to end-of-service and post-retirement liabilities. This new presentation further improves the quality of the financial information provided. In addition, note 10 to the financial statements provides the details of the calculation of the after-service health insurance part of the total end-of-service liabilities.

64. The presentation of both statements II and X indicates that no specific assets exist to settle those liabilities. The lack of a specific asset, together with the opening reserves of the end-of-service funds being nearly equal to zero, caused those funds to fall in negative equity. Notwithstanding this, the total reserves and funds balances of the Organization remained positive at the end of the biennium ($1.405 billion). But the earmarked nature of the funds prevents resources from one fund from being allocated to expenditure paid out from another, in accordance with note 3 (a) to the financial statements. The financial statements therefore correctly reflect the fact that funds have not been set aside to cover the Organization's end-of-service liabilities.

65. Funding proposals have been made to the General Assembly by the Secretary-General (A/61/730). During its sixty-first session, the General Assembly did not reach a decision on a funding plan (see resolution 61/264). The Assembly recognized the complexity of the issue and the significant amount of the liabilities and requested the Secretary-General to present long-term strategies, taking into account the various options of financing, and to report to it thereon no later than the main part of its sixty-third session.

66. Despite the significant amount of the total liabilities, the flow of payments with respect to those liabilities will be spread over time, and some funding options would allow for a lessening of the financial impact. Given the projections of retirement of United Nations staff, the growth in expenditure flows should accelerate in upcoming bienniums. It is therefore urgent that a funding plan be adopted.

67. **The Board recommends that the Organization adopt a funding strategy for its end-of-service and post-retirement liabilities.**

68. The Board reviewed the methodology used to assess and disclose the liabilities relating to repatriation and unused vacation days. This methodology did not give

rise to any observations. The recording of those liabilities was made: (a) through an adjustment to the reserves and funds balances of the value of the liabilities as at 31 December 2005; and (b) through an expense corresponding to the increase in the liabilities over the biennium. This expense is shown as "non-budgeted expense" in statement X.

69. The Board's observations on the assessment of after-service health insurance liabilities are set out in paragraphs 118 and 119 below.

6. Statement of cash flows

70. As at 31 December 2007, the Organization's cash and term deposits were 80 per cent lower than they were at the end of the biennium 2004-2005, down from $367.9 million to $72.3 million. The decrease is attributable mainly to investment activities, which consisted of transferring cash to the cash pools, the balance of which thus increased by $1.3 billion, including $354 million related to capital assets and construction work in progress (which was mainly a result of the capital master plan), $499 million with regard to general trust funds for special uses, and $222 million in respect of the United Nations General Fund. The total cash, comprising the cash and term deposits as well as the cash pools, actually increased from $1.837 billion as at 31 December 2005 to $2.803 billion as at 31 December 2007, or 53 per cent.

71. The statement of cash flows for the biennium ended 31 December 2007 did not consider the short-term investments in cash pools as part of the cash balance. The Board is of the view that it would be more appropriate to reflect those investments in the statement of cash flows.

72. **The Board recommends that the Administration reconsider the disclosure of the statement of cash flows to include the cash pools as part of the total cash balance.**

7. Statement of appropriations

73. The format of the statement of appropriations (statement IV) is not in line with the one recommended in appendix V to the United Nations system accounting standards (rev. VIII). The appropriations column of statement IV does not contain sub-columns for supplementary appropriations and other adjustments, transfers and revisions. Even though the corresponding information is given in a specific report addressed to the Advisory Committee on Administrative and Budgetary Questions, it should be included in statement IV to allow for a better understanding of appropriations.

74. **The Board recommends that the Administration revise in the next biennium the format of the statement of appropriations to make it compliant with the one recommended by the United Nations system accounting standards.**

8. United Nations General Fund and related funds

75. During the biennium 2006-2007, the income of the United Nations General Fund and related funds increased by 16 per cent, from $3.70 billion to $4.28 billion. The increase was mainly the result of an increase in the assessed contributions made by the Member States (which amounted to $4.1 billion, up 15 per cent) and in interest income (which amounted to $64.4 million, up 299 per cent).

76. Expenditure increased by 15 per cent, from $3.61 billion to $4.15 billion from the previous biennium, due mainly to the increase in staff costs (which came to $3.09 billion, up 14.6 per cent from the previous biennium), travel ($92.6 million, up 23.9 per cent), contractual services ($155.2 million, up 59.1 per cent) and operating costs ($391.9 million, up 23.0 per cent).

77. The result was a surplus of $133.2 million, up 55 per cent from the previous biennium, in which the surplus was $86.0 million. The surplus contributed to the 43 per cent increase in closing balances, which rose from $418 million to $596 million over the course of the biennium.

78. Assets rose from $1.47 billion in 2004-2005 to $1.91 billion in 2006-2007, an increase of 30 per cent, which was mainly the result of an increase in the cash pools (which increased to $665.9 million, up 50 per cent) and a rise in deferred charges ($104.6 million, up 76 per cent).

79. Liabilities increased from $1.05 billion to $1.31 billion over the biennium, a rise of 25 per cent. This was due mainly to an increase in contributions or payments received in advance (which came to $14.7 million, up 378 per cent) and in unliquidated obligations for future periods.

80. Assets exceeded liabilities by $596.1 million at the end of the biennium 2006-2007, as against an amount of $417.9 million at the end of the biennium 2004-2005, a rise of 43 per cent.

9. Technical cooperation activities

81. Income increased from $345.3 million in 2004-2005 to $354.9 in 2006-2007, an increase of $9.6 million, or 3 per cent. Expenditure increased from $277.2 million in 2004-2005 to $312.8 million in 2006-2007, a rise of $35.6 million, or 13 per cent. Income from all sources increased by rates of between 5 per cent and 69 per cent, with the exception of funds received under inter-organization arrangements, which reduced by 48.3 per cent. All categories of expenditure increased by rates of between 9 and 40 per cent, with the exception of administrative and operating expenses pertaining to other funds, which reduced by 15 per cent. In sum, a surplus of $42 million was generated in 2006-2007, a reduction of 38 per cent in relation to the surplus for 2004-2005.

82. Total assets increased from $422.8 million at the end of the biennium 2004-2005 to $475.6 million at the end of 2006-2007, a rise of $52.8 million, or 12 per cent, due mainly to an increase in sums deposited in the offices away from Headquarters cash pools (which amounted to $137.2 million, up 102 per cent), in the Headquarters cash pools ($132.7 million, up 59 per cent) and to other accounts receivable ($24.0 million, up 16 per cent). Liabilities increased from $213.3 million at the end of 2004-2005 to $228.0 million at the end of 2006-2007, a rise of 7 per cent, or $14.7 million. All of the liability items decreased, with the exception of the unliquidated obligations for the future period ($7.7 million, up 20 per cent) and of those pertaining to inter-fund balances payable ($175.3 million, up 15 per cent).

83. The Board examined results-based budgeting in the area of technical cooperation. All projects audited by the Board, whether funded through the regular budget, extrabudgetary resources or the Development Account, included objectives to be achieved. There were several types of objectives: those set out in the

programme budget, in particular section 22 thereof; those set out in the divisions' work programme; and those set out in the projects themselves.

84. The Board noted the following regarding objectives and the indicators accompanying them. First, the description of objectives often does not provide enough detail to enable the proper measurement of their progress and completion. Second, when measurement is possible, it can sometimes prove to be irrelevant.

85. As an illustration of the first shortcoming, section 22 of the programme budget for the biennium 2006-2007 (A/60/6 (Sect.22)) set an objective of "strengthened institutional capacity of developing countries through the means of advisory services" (see table 22.3); it was planned to measure achievement of this objective using the number of Member States that have experienced progress in specific development areas as a result of advisory interventions. However, no information is provided regarding the definition of progress in specific development areas or even on measurement of the amount of countries involved in such progress.

86. As for the second shortcoming, the majority of the projects audited, especially those relating to the holding of a conference or to the operations of a working group, measure their success on the basis of a summary of observations made by participants, who fill in questionnaires at the end of sessions. Yet, despite the usefulness of such surveys, the information gathered is not an indication that the projects in question will result in concrete measures being implemented. Although section 22 of the programme budget for the biennium 2008-2009 provides more detail, it does not offer indicators that are more highly structured.

87. In sum, owing to the lack of clear objectives and valid indicators, objective assessment of the activities carried out is rendered difficult and is reduced to narratives of progress made.

88. It should be stressed, however, that the monitoring put in place regarding the Development Account (A/60/6 (Sect.34)) is, on the whole, an exception to this finding. Both the documents drawn up for the preparatory work for projects and then later for their development, as well as those setting out ex ante monitoring indicators, enable project managers to assess the results achieved at the end of the project. In particular, the procedure to be followed with regard to the conduct of the projects requires setting out indicators that can be objectively assessed and formulation of an assessment method.

89. **The Board recommends that the Administration put in place, for all of its technical cooperation activities, a results-measurement mechanism comparable to that required for the projects funded by the Development Account.**

10. Capital assets and construction in progress

90. The accounts relating to capital assets and construction in progress are set out in statement IX and schedule 9.1.

91. The Board noted a significant increase in the total income shown in statement IX, which increased from $90.9 million to $547.9 million (up 503 per cent) over the biennium. This rise is due mainly to an increase of $488.7 million (up 2,745 per cent) in assessed contributions and by an increase of $19.1 million (up 1,561 per cent) in interest income. Over the same period, total expenditure increased from $69.3 million to $117.6 million (up 69.5 per cent).

92. Assets increased from $652.7 million to $1.4 billion over the 2006-2007 biennium, or a 110 per cent increase, owing to the increase in cash and term deposits (up $865,000 or 1,094 per cent), cash pools (up $354 million, or 1,013 per cent), assessed contributions receivable from Member States (up $117 million or 1,151 per cent) and deferred charges (up $117 million or 1,820 per cent). Over the same period, liabilities increased from $37.8 million to $220.6 million, or 483 per cent. This variation is attributable to the increase in unliquidated obligations for the current period (up $51 million, or 298 per cent) and for future periods (up $118 million, or 1,820 per cent), and inter-fund balances payable (up $10 million or 514 per cent).

93. These strong trends are explained by the take-off of the capital master plan, on which the Board comments in a specific report (A/63/5 (Vol. V)) in accordance with the request made by the General Assembly in its resolution 57/292.

11. United Nations Fund for International Partnerships

94. The United Nations Fund for International Partnerships (UNFIP) is an autonomous trust fund which was established by the Secretary-General on 1 March 1998 following the agreement signed by the United Nations with the United Nations Foundation, Inc., a not-for-profit organization responsible for administering the $1 billion gift of Robert E. Turner in support of United Nations causes. UNFIP, in general: (a) is a central mechanism for organizing, executing, monitoring and reporting on projects and activities funded by the United Nations Foundation; (b) serves as the operational arm within the United Nations to work with the Foundation in identifying and selecting projects and activities, and monitoring and reporting on the use of funds; and (c) collaborates with the Foundation in its fund-raising efforts in support of United Nations programmes.

95. Based at United Nations Headquarters, UNFIP is headed by an Executive Director who reports directly to the Secretary-General. The Secretary-General established an advisory Board to assist him in reviewing proposals received by UNFIP for funding by the United Nations Foundation. The UNFIP Advisory Board is chaired by the Deputy Secretary-General and comprises 10 other members appointed by the Secretary-General for a term of two years.

96. In accordance with the Memorandum of Procedures entered into between UNFIP and the Foundation dated 12 June 1998, the comprehensive annual progress report of UNFIP is subject to audit in terms of the Financial Regulations and Rules of the United Nations. The Board, during its fifty-second regular session (July 1998), agreed to perform this audit.

97. In the period from 1 March 1998, when UNFIP was established, to 31 December 2007, $1.031 billion had been approved and allocated by the United Nations Foundation and other funding partners to fund 422 projects, with activities in 123 countries involving 39 United Nations organizations as implementing partners. The cumulative amount of co-financing from other funding partners was $597.4 million, or 57.9 per cent of total approved allocations.

98. For the biennium ended 31 December 2007, the United Nations Foundation approved grants amounting to $271.6 million for 51 projects in four thematic areas: (a) children's health ($227.2 million); (b) population and women ($5.4 million);

(c) environment ($1.7 million); and (d) peace, security and human rights ($0.230 million), and for projects outside the four thematic areas ($37.1 million).

Savings on or cancellation of prior-period obligations

99. Rule 105.9 of the Financial Regulations and Rules of the United Nations states that an obligation must be based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognized by the United Nations. All obligations must be supported by an appropriate obligating document.

100. Unliquidated obligations as at 31 December 2007 amounted to $85.9 million, representing 30.35 per cent of the total expenditure for the 2006-2007 biennium and a reduction of 11.01 per cent from the $96.6 million recorded at 31 December 2005.

101. The financial statements for the biennium ended 31 December 2007 reflected miscellaneous income of $37.8 million, of which $37.3 million, or 99 per cent, related to savings on or cancellation of prior-period obligations. This represented an increase of 155 per cent from prior biennium savings of $14.8 million. Although in accordance with the United Nations system accounting standards, unliquidated obligations remain valid for 12 months following the end of the biennium, the high incidence of cancellations of prior-period obligations is indicative of multiple factors, including timing, late submission of financial utilization reports and actual delays in the implementation of projects.

102. When advances are made to implementing partners, obligations are recorded. If expenses incurred on projects are less than the unliquidated obligation that was raised, the latter are cancelled and recorded as miscellaneous income. At the same time, the obligations are re-established, thus offsetting the recorded expenses.

103. While the surrender of obligations is in accordance with the Financial Regulations and Rules, the underspending or slow spending of advances of significant amounts is of concern to the Board.

104. **The Administration agreed with the Board's recommendation that UNFIP ascertain the reasons for the high value and incidence of cancellation of unliquidated obligations with a view to minimizing the extent to which such cancellations take place.**

Submission of financial utilization reports

105. The reporting section of the updated (2008) UNFIP handbook on budget and finance requires that, for ongoing projects, implementing partners submit financial utilization reports covering a six-month period (that is, a semester) in addition to annually certified or audited annual financial statements. The handbook also requires that utilization reports be submitted on a continuous basis until all obligations are cancelled or liquidated. At a meeting held on 24 July 2002, focal points of the United Nations system, implementing partners and UNFIP agreed that the semi-annual or semester utilization reports should be submitted each year by 15 August for the cumulative prior period ending 30 June and by 15 February for the cumulative prior period ending 31 December.

106. The Board noted sustained action on the part of UNFIP to maintain close contact with implementing partners and to inform them on a regular basis of outstanding documents and reports. The Board reviewed compliance with the above-

mentioned reporting schedule based on lists maintained by UNFIP as at the audit date. Tables II.2 and II.3 depict the submission statistics as at the audit date.

Table II.2
Semi-annual reports due by 15 August 2007

	2007		2006	
Status of the reports	*Number*	*Share in total (percentage)*	*Number*	*Share in total (percentage)*
Received by deadline	62	51	39	22
Received after deadline, but before audit	25	21	42	23
Not received at audit date	34	28	99	55
Total	**121**	**100**	**180**	**100**

Table II.3
Annual reports due by 15 February 2008

	2007		2006	
Status of the reports	*Number*	*Share in total (percentage)*	*Number*	*Share in total (percentage)*
Received by deadline and before audit date	179	95	66	37
Not received at audit date	10	5	116	63
Total	**189**	**100**	**182**	**100**

107. The Board noted that the submission rate of semi-annual reports due by 15 August by the deadline had improved from 22 per cent (39 reports) to 51 per cent (62 reports). The Board also noted that the submission rate of annual reports due by 15 February by the deadline and before the audit date had improved from 37 per cent (66 reports) to 95 per cent (179 reports). The Board commends management for the improvement in the rate of submission of reports. UNFIP informed the Board that it had not achieved the same rate of success in reports due by 15 August 2007 because the additional resource was secured only late in 2007. In addition, UNFIP explained that it did not require semi-annual reports to be submitted once the annual reports had been submitted.

108. The aggregate value of projects for which financial utilization reports were outstanding at 15 February 2008 was $16.7 million. The aggregate value of funds remitted to the implementing agencies for those projects was $12.8 million. The aggregate amount of expenditure recorded against those remittances was $7 million, leaving a maximum unspent and unrecorded balance of $5.8 million. Of that total, $1.2 million related to projects with scheduled end dates prior to 31 March 2007, and a further $4.6 million related to projects with scheduled end dates after 31 December 2007.

109. The lack of updated information in the recording of disbursements reported by project implementers affects the disclosure of accounts. In addition, the late

submission of financial utilization reports also adversely affects the efficient implementation of projects, since subsequent advances cannot be released until the reports are submitted.

110. **The Administration agreed with the Board's reiterated recommendation that UNFIP continue to enforce strict compliance with the timely submission of financial utilization reports.**

111. UNFIP noted that it would continue to reduce the number of outstanding financial utilization reports.

Advances to implementing partners

112. Paragraph 46 of the United Nations system accounting standards states that an asset is a resource owned or due to the organization as a result of a past event. UNFIP reflected balances of advances to implementing partners (assets) of $87.1 million as at 31 December 2007 (2005: $96.4 million).

113. UNFIP prepares an age analysis for advances to implementing partners and the related interest receivable on the basis that the unspent advance is only due to be refunded to UNFIP on completion of the project; thus, UNFIP only begins to age advances (and the related interest) upon completion of a project. The age analysis reflected a total of $87.1 million of advances at 31 December 2007; of this amount $75.9 million was indicated as "current" in that it was comprised of a category of projects that had not been completed by 31 December 2007.

114. The Board obtained a sample of amounts indicated as "current" from the age analysis and traced them to the general ledger to identify when the advances were made to the implementing partner. The following was noted:

(a) Revisions in the date of completion of a project, either in the age analysis or by the implementing partner, were reflected in the ageing category of the project being changed;

(b) There were amounts that were advanced to implementing partners for extended periods of time, sometimes exceeding one year, on which UNFIP, in accordance with its policy, had not followed up as the project had not been completed; however, UNFIP had reflected those amounts as current on its age analysis.

115. There is a risk that advances (and related interest) that are receivable for long periods are not being followed up on, as projects that have not been completed are still reflected as current. This risk also applies to projects that were extended (approved by the United Nations Foundation as a no-cost extension) and subsequently not followed up on, as they were also reflected as current.

116. A fuller analysis of all outstanding advances is likely to reflect other similar cases, in which long-outstanding advances are reflected as "current".

117. **The Board recommends that the Administration ensure that UNFIP:**

(a) **Continues to monitor the ageing of advances and the related interest through its current mechanisms, utilizing the review and analysis of project expenditure against advances and interest reported in the financial utilization reports;**

(b) **Considers making advances to implementing partners in tranches after liquidation of previous advances in order to avoid making advances to an implementing partner that cover an extended period.**

12. After-service health insurance liabilities

118. After they cease serving the United Nations, staff who meet certain conditions are entitled to health insurance benefits. The amount of the total liability relating to those benefits, which is calculated by means of actuarial assessment, amounted to $2.041 billion as at 31 December 2007.

119. The Board examined the means used to assess the amount and, in particular, reviewed the report by the consulting actuary of the Organization. In accordance with paragraph 10 of General Assembly resolution 61/264, the liability was estimated using the method recommended by the International Public Sector Accounting Standards. In accordance with paragraph 9 of the same resolution, the Administration made a distinction in financial statement X between the portion of the liability which pertains to the regular budget ($1.82 billion, 89 per cent of the total debt) and the portion of it which pertains to extrabudgetary resources ($220 million, 11 per cent of the total), depending on the source used to fund the positions of the staff covered.

120. The Board examined the actuarial assumptions on which the evaluation of the liability was based. The Board noted that the discount rate used to obtain the present value of future benefits chosen was 5.5 per cent, which was the same figure as that used in the previous evaluation, as at 31 December 2005. This was despite an increase in benchmark interest rates during the biennium. This choice is in line with the principle of prudence specified in note 2 (a) (ii) to the financial statements. It also enables the liability to be more easily compared over time.

13. Progress towards implementation of the International Public Sector Accounting Standards

121. In accordance with General Assembly resolution 61/233 A, and in response to the comments of the Advisory Committee on Administrative and Budgetary Questions (see 61/350 and Add.1), the Board carried out a gap analysis relating to the implementation of IPSAS as well as new or upgraded enterprise resource planning systems. The Advisory Committee had commented on the desirability of such systems taking fully into account the detailed requirements of IPSAS.

System-wide matters

122. Upon examining the implementation status of IPSAS, the Board noted the following:

(a) Progress had been made as to the adoption and approval of United Nations system-wide harmonized accounting policies and recommended accounting practices compliant with IPSAS for application by the United Nations Finance and Budget Network. To date, the new accounting guidelines approved are those pertaining to IPSAS 1 (Presentation of Financial Statements), IPSAS 2 (Cash Flow Statements), IPSAS 5 (Borrowing Costs), IPSAS 12 (Inventories), IPSAS 17 (Property, Plant and Equipment), IPSAS 24 (Presentation of Budget Information in Financial Statements), and IPSAS 25 (Employee Benefits);

(b) Guidelines have been issued for the application of the following standards: IPSAS 4 (The Effects of Changes in Foreign Exchange Rates), IPSAS 6 (Consolidated Financial Statements and Accounting for Controlled Entities), IPSAS 7 (Accounting for Investments in Associates), IPSAS 8 (Financial Reporting of Interests in Joint Ventures), IPSAS 13 (Leases), IPSAS 15 (Financial Instruments: Disclosure and Presentation), IPSAS 18 (Segment Reporting) and IPSAS 23 (Revenue from Non-Exchange Transactions).

Matters related to the United Nations

123. With regard to the United Nations, the Board noted that:

(a) The delay in funding the enterprise resource planning system, which serves as the backbone for the implementation of the United Nations IPSAS accounting and financial transactions, will result in the postponement of the IPSAS compliance to 2011 at the earliest, instead of 2010 as originally targeted;

(b) The absence of a joint master plan that would integrate the workplans for the IPSAS accounting team and the team responsible for the financial module of the enterprise resource planning system; such integration would better coordinate deliverables for the two projects;

(c) The team responsible for implementing IPSAS at the Secretariat level was not yet fully staffed. Only four of the seven members that should comprise the team have been recruited to date. The Administration indicated that the other three staff were expected to be hired before the end of the third quarter of 2008.

124. **The Board recommends that the Administration continually review its milestones for the preparation for implementation of IPSAS.**

14. Enterprise resource planning system

125. The project to set up an enterprise resource planning system for the Secretariat originated in 2002, when it was noted that IMIS had become obsolete and was deficient in terms of data consolidation and assisting decision-making. In addition, as it stands, IMIS is unable to support the implementation of international public sector accounting standards (IPSAS). Not only is the enterprise resource planning project one of the Secretariat's largest information technology projects, it is also one of the main drivers to make the overall management of the Administration more modern and uniform. IMIS is not used by all of the Secretariat's entities, for example, in peacekeeping operations. In addition, in some entities which use it, IMIS is not interfaced with the central application, for example, offices away from Headquarters. The United Nations Secretariat seeks to deploy a single-instance enterprise resource planning system that will be accessed by all Secretariat staff, regardless of their location.

126. The decision to replace IMIS was reaffirmed by the Secretary-General in 2006 (see A/60/846 and Add.1), and was approved by the General Assembly in its resolution 60/283. In that resolution, the Assembly also requested that a precise and detailed report be prepared on the enterprise resource planning system specifying its objectives and costs and providing an estimate of its return on investment.

127. The Secretary-General submitted a report (see A/62/510) in response to that request. It is the founding document of the project. It sets out the general objectives,

the expected advantages, the steps already taken regarding the design and governing pattern of the project as well as the main stages of its implementation.

128. Since the functionalities of the project had not yet been precisely defined when he submitted his report, the Secretary-General was unable to provide an accurate estimate of its total cost. He provided only a range of $150 million to $250 million. However, he did request that the General Assembly allocate a starting budget of $19.5 million to finance the hiring and compensation of a project team of 44 people, one of whose first tasks would be to finalize the project's functional definition, which would make it possible to determine the exact cost of the project and to inform the General Assembly when it resumed its sixty-second session so that it could approve it.

129. The Advisory Committee on Administrative and Budgetary Questions noted that the overall costs, as well as the technical and functional requirements of the project as presented by the Secretary-General, had not been completed (A/62/7/Add.31, para. 5). The Advisory Committee provided guidelines for the content of the additional report which the Secretary-General proposed to submit to the General Assembly at its resumed sixty-second session. With respect to resources, the Advisory Committee recommended that only 16 of the 44 posts requested by the Secretary-General be approved, but that all other non-post requirements be allocated so that the project could go forward.

130. However, because of its agenda, the Fifth Committee did not consider the reports of the Secretary-General and the Advisory Committee on the enterprise resource planning system before the end of the main part of the sixty-second session. As a result, no decision was taken on the preliminary funding of the project.

131. The fact that no decision was made resulted in the lack of a starting budget, which was liable to jeopardize the finalization of the definition of the project's functionalities and hence its adoption by the General Assembly in time.

132. The Secretary-General decided to continue the project on the basis of temporary arrangements and the discretionary amounts he could spend under section III of resolution 60/283. The enterprise resource planning project team, comprising staff appointed on a temporary basis and working only part-time, continued to prepare the project and the report, providing the General Assembly with additional information on the enterprise resource planning system and other information technology projects (see A/62/510/Rev.1) and requesting that funding decisions be made. The report provided a more precise definition of the functionalities of the project, a two-phase implementation strategy, a proposed timetable extending to the end of 2012 and a new budget estimate of $285.6 million, including a contingency provision of $37 million, or 15 per cent of the estimated cost of the project before inclusion of the contingency provision.

133. In March 2008, following its review of the conduct of the preparatory phase of the enterprise resource planning project to assess its compliance with best practices, the Board noted that:

(a) In compliance with decisions made by the General Assembly, the enterprise resource planning team had undertaken the preparatory phase of the project within the limited resources allocated to the project;

(b) The majority of deviations from best practices at the preparatory stage had been due to the lack of funding for the project;

(c) The main risks of the project were related to its implementation schedule and to the processing of data during the transition phase.

134. The Board examined the report referred to above (A/62/510/Rev.1). Overall, the report addressed the requests of the Advisory Committee for additional information (see A/62/7/Add.31). On the whole, it provided an objective view of the preparation of the project. However, the timetable proposed in the report (see A/62/510/Rev.1, figure II) was based on the assumption that the project would be approved by the General Assembly at its sixty-second session, and no alternative schedule was mentioned in the report. Yet, shortly before the Secretary-General's report was submitted, the Assembly made known that because of scheduling reasons, it could not consider the report at its resumed sixty-second session as originally planned but would do so during the main part of its sixty-third session. This will delay completion of the project, which is likely to postpone the implementation date of IPSAS.

135. Aside from that aspect, the Board is of the view that the report of the Secretary-General constitutes a sound basis for a decision to be taken by the General Assembly at the earliest opportunity.

136. **The Board recommends that the Organization adopt a decision on the Secretary-General's proposals related to the enterprise resource planning system of the Secretariat.**

15. Procurement and contract management

137. Goods and services are procured to support the Organization's operations. Procurement functions include all actions necessary for the acquisition, by purchase or lease of property, including products and real property, and of services, including works. Procurement actions include identifying a need, specifying the requirements to fulfil the needs, identifying potential suppliers, soliciting and evaluating bids and proposals, awarding contracts and purchase orders, tracking progress and ensuring suppliers' compliance, accepting and inspecting delivery, paying the suppliers and managing the assets procured or services contracted.

Governance

138. According to the Procurement Manual, the Procurement Division, formerly known as the Procurement Service, is responsible for ensuring the efficient, effective and economical administration of procurement activities and related support services for Headquarters and for missions, conferences, international criminal tribunals, information centres, regional commissions and, upon request, United Nations agencies and subsidiary organs (para. 2.2.1.).

139. The Division is also responsible for the implementation of the procurement reform set forth by the Secretary-General in his report dated 14 June 2006 (A/60/846/Add.5 and Corr.1). This reform comprises three main strategic actions:

(a) The strengthening of internal control measures;

(b) The optimization of the United Nations acquisition management resulting in a reduction of acquisition costs;

(c) The strategic management of United Nations procurement.

140. The Board noted that the total volume of purchases made by the organizations in the United Nations system as a whole has increased rapidly over the past few years, increasing from $4.62 billion in 2001 to $9.40 billion in 2006, which represents average annual growth of 15.3 per cent (see table II.4). Over the same period, the volume of purchases, measured through the amount of purchase orders, increased at an annual rate of 4.9 per cent (see table II.5).

Table II.4

Value of United Nations procurement from 2001 to 2007

(In millions of United States dollars)

	Year						
Items	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*
Total United Nations system procurement	4 620	4 560	5 070	6 530	8 330	9 400	..
Procurement of the United Nations Secretariat[a]	1 109	967	1 010	1 400	1 774	2 126	2 134
Procurement by the United Nations Procurement Division[b]	..	526	589	956	1 012	1 081	1 440
United Nations share of system-wide total (percentage)	24	21	20	21	21	22	..
Value index of United Nations Procurement[c]	100	87	91	126	160	192	192

[a] Consists of purchase orders issued by the Procurement Division, field missions and offices away from Headquarters.

[b] Consists of purchase orders issued by the Procurement Division and all purchase orders issued by field missions against system contracts established by the Procurement Division at Headquarters.

[c] Index 100 in 2001.

Table II.5

Number of purchase orders issued by the Procurement Division and field missions

	Year						
Items	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*
Total number of purchase orders[a]	15 081	17 412	16 810	18 515	22 177	19 181	20 635
Index[b]	100	115	111	123	147	127	137
Number purchase orders issued by the Procurement Division	4 031	3 824	4 062	4 325	4 291	3 493	3 947
Index[b]	100	95	101	107	106	87	98

[a] Consists of procurement made by the Procurement Division and field missions.

[b] Index 100 in 2001.

141. The increase in the value of purchases has meant that ever-increasing operational requirements have been placed on the Procurement Division. Those

requirements are further increased by the fact that the capital master plan had entered a very active phase as at the second quarter of 2008.

142. The Department of Management, of which the Procurement Division is a part, had a threefold responsibility: to define procurement policies; to negotiate and sign contracts; and to administer contracts (including modification and settlement of disputes).

143. The position of the Procurement Division within the Department of Management has recently evolved. Until 2006, the Division had been placed under the authority of the Assistant Secretary-General for Central Support Services. However, after the latter was placed on special leave, it was decided that, as a temporary arrangement, the head of what was then the Procurement Service would report to the Assistant Secretary-General for Programme Planning, Budget and Accounts and Controller. The Service has since become an actual Division, under the responsibility of a manager at the D-2 level, and will comprise two services managed by two managers at the D-1 level, as opposed to the manager at the D-1 level currently heading the Division. At the time of the audit, however, the reorganization of the Procurement Division was still not complete. In addition, the Administration did not specify either when the temporary reporting scheme of the Division would cease or whether the Division would be returned to the Office of Central Support Services or remain a part of the Office of Programme Planning, Budget and Accounts.

144. **The Board recommends that the Administration finalize the top management structure of the Procurement Division and its position in the Secretariat.**

145. In his report on procurement reform dated 14 June 2006, the Secretary-General stated that although the internal controls system was intended to cover the whole Organization, it must be flexible enough to permit a fast purchasing response to immediate operational requirements in the field (see A/60/846/Add.5 and Corr.1). According to the report, the clauses provided for in the Financial Regulations and Rules of the United Nations and in the Procurement Manual to deal with extraordinary situations were not suitable in relation to such requirements. The Secretary-General requested that the Procurement Manual be updated in order to establish the procedural framework necessary to satisfy immediate operational requirements in a timely manner, that purchasing practices be adapted for specific sectors (including boat leasing and civil engineering) and that the authority delegation process be revised in order to speed up the decision-making process.

146. The provisions requested by the Secretary-General in his report of 14 June are not listed in the November 2007 version of the Procurement Manual.

147. **The Board recommends that, in accordance with the decisions outlined by the Secretary-General in his report dated 14 June 2006 (A/60/846/Add.5 and Corr.1), the Administration set out clauses in the Procurement Manual which aim to provide a fast purchasing response to immediate operational requirements.**

148. According to the programme budget from which it is funded, the Procurement Division is to provide effective, rational and high quality purchasing services (A/62/6 (Sect. 28 D), para. 28 D.2). The expected results include an improvement in quality and an increase in satisfaction in terms of purchasing. The following

indicators apply: (a) a rise in the satisfaction levels of clients; and (b) a reduction in purchasing lead times. The manner in which those indicators are measured is not entirely satisfactory.

149. Regarding the first indicator, the requisitioners are asked to fill in a satisfaction questionnaire at the end of each contract. In practice, very few fill it in, and the statistics which can be gathered from it are, as a result, of little value. The Board was not convinced that a questionnaire was the best way to gather information on clients' perception of a service provided in an Organization in which many documents of this type have to be filled in.

150. Regarding the second indicator, the Board noted that while the purchasing procedure lead times could be obtained from tracking and report systems, they were neither analysed nor followed up on a regular basis through a concise reporting document that could be shared by all stakeholders.

151. **The Board recommends that the Administration prepare a monthly scorecard on performance indicators dealing with requisitioners' perceptions and procurement procedure lead times.**

152. **The Board also recommends that the Administration conduct an independent assessment of requisitioners' satisfaction with procurement at certain intervals and evaluate the results.**

153. The Purchase and Transportation Section of the United Nations Office at Geneva is the main, centralized procurement unit for the majority of the United Nations departments and offices located in Geneva. About 100 client entities, which are part of 24 departments of various sizes, have contact with the Purchase and Transportation Section. The United Nations Office at Geneva, which has approximately 50 requisitioning entities, is the most significant client department, since it accounts for two thirds to three quarters of the total annual procurement, depending on whether the volume or the value of purchases is taken into consideration.

154. In accordance with paragraphs 8.1.1 to 8.1.4 of the Procurement Manual, and upon the recommendations made in the previous report of the Board, in October 2005 the Purchase and Transportation Section sent correspondence to all client entities asking them to notify it of their purchasing projections in terms of goods and services for the biennium 2006-2007. The request was accompanied by information on the format of the expected replies (table template to fill in and option of replying online on the Intranet site).

155. Since few replies to the request were received, reminder letters were sent. Ultimately, only six departments and seven internal offices within the United Nations Office at Geneva replied. In the majority of cases, the replies were incomplete and did not always include quantified information regarding the requirements detailed therein.

156. As a result, the Purchase and Transportation Section was unable to carry out procurement planning for the biennium 2006-2007. This situation is a cause for concern, since, as the Board noted in its last report, procurement planning is essential to facilitating an effective and efficient procurement process, which includes bulk purchasing and improved cash flow management, and that a well-developed procurement plan would reduce the frequency of small purchases and

result in savings in cost and time (A/61/5 (Vol. I), para. 515). For instance, out of 3,409 purchase orders in 2006, 1,327 (or 39 per cent) involved purchases worth less than $1,000.

157. **The Administration agreed with the Board's reiterated recommendation to ensure that the United Nations Office at Geneva reminds all of its internal and external client entities of the obligation to submit, before the start of each biennium, fully completed acquisition plans.**

Compliance with Procurement Manual rules

158. The members of the Tender Opening Committee of the United Nations Office at Geneva are appointed by the Head of the Purchase and Transportation Section, but since that position has been vacant, they are being appointed by the administrator in charge of the Purchasing and Contracts Panel. Of the five members currently sitting (who were appointed by means of the internal memorandum dated 11 September 2007), only one is not a member of the Purchase and Transportation Section. All of the substitute members work in the Section.

159. Paragraph 10.1.1.(3) of the United Nations Procurement Manual provides that the Director of Administration/Chief Administrative Officer in the relevant mission shall appoint the Tender Opening Committee. The members of the Committee shall be staff who are not part of the local Procurement Section or requisitioning office. The Tender Opening Committee shall, as a minimum, consist of two members from different offices.

160. **The Board recommends that the Administration ensure that the United Nations Office at Geneva reorganizes its Tender Opening Committee in accordance with the prescriptions set out in the Procurement Manual by ensuring, in particular, that its members are not part of the Purchase and Transportation Section.**

161. The Administration replied that the recommendation had been implemented, since the composition of the Tender Opening Committee had been changed effective 16 May 2008.

162. The Board noted, based on a sample of tender case files, that slightly more than 40 per cent of case files did not contain the yellow copy of the contract signed by the supplier. Paragraph 13.4.(4) of the Procurement Manual, however, provides that a purchase order shall, as a minimum, be issued in two original copies, one for the vendor and one for the case file, and that both copies shall be signed and distributed to the vendor for countersignature, requesting return of one countersigned original. The purchase order is a document which is as binding on the Administration as much as it is on the supplier. It therefore constitutes an agreement in and of itself and is also used to obligate funds. It is therefore important, in terms of follow-up work and the performance of the tender, that this document, which bears the express agreement of the supplier, be kept in the purchasing file.

163. **The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Geneva reminds suppliers of the importance of signing the purchase order and of returning a copy of it to the purchasing service.**

Vendor database

164. In its last report (A/61/5 (Vol. I)), the Board noted that the follow-up administration work on vendors by the procurement service of the United Nations Office at Geneva needs to be improved.

165. The Board noted that in October 2007, the vendor database contained 6,136 names of suppliers, including:

(a) A total of 1,465 suppliers (more than 23 per cent) were entered before 2000; 1,143 of them had no details specifying their registration level;

(b) A total of 3,129 of the firms registered (more than half) had never received a purchase order. Of those vendors, 715 were registered before 2000, including 562 for which no details of registration level were provided.

166. **The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Geneva takes all necessary measures to properly maintain its vendor database.**

167. The Procurement Manual states that proper vendor database maintenance requires regular reporting on vendor performance. To achieve this purpose, the Purchase and Transportation Section is responsible for the timely evaluation of vendor performance (rules 7.11-5).

168. The Board noted that although requisitioners almost always return the vendor performance rating forms, the documents are filed in the vendor information file in question and are not used; the vendor performance rating is therefore not completed.

169. **The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Geneva reviews all vendor performance ratings to be used as a basis for decision-making on the award of contracts.**

Best value for money principle

170. The best value for money principle was introduced by the Financial Regulations and Rules of the United Nations in the version dated 1 January 2003, article 5.12 of which provides that the following general principles shall be given due consideration when exercising the procurement functions of the United Nations: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; and (d) the interest of the United Nations. These provisions replace the lowest acceptable bid criterion.

171. The best value for money principle must be used as a basis in all United Nations procurement processes, in conjunction with the prescribed principles of fairness, integrity and transparency.

172. In February 2007, the Procurement Division launched a training programme regarding this matter for stakeholders in the purchasing process. Moreover, a definition of the principle was set out in the Procurement Manual in August 2007.

173. In order to ensure that the principles listed above are actually applied, the Procurement Manual provides that before an invitation to bid is issued and before the closing date for offers to be received, vendors must ask the requisitioner to put in place an evaluation committee. This committee generally comprises two

members, at least one of which is a member of the requisitioning service and the other of which is a qualified staff member of the United Nations or an outside consultant. The committee is expected to draw up a selection plan containing assessment factors, the weighting of factors and minimal reasonable criteria which do not eliminate developing and transition countries. The plan must be completed before the publication of the invitation to bid document.

174. The Board noted that in a sample of contracts signed in 2007, the measures imposed by the Procurement Manual were insufficiently documented: the composition of the selection committee was not mentioned and the selection plan was not always detailed and, when it was, it was not dated. The Procurement Division indicated that it was currently drawing up a new selection plan table which would be used with all purchases.

175. With regard to the same category of services, namely transportation by boat, the two methods are used (invitations to bid and requests for proposal). The Board noted that in all the cases it reviewed, the only criterion applied was price, whereas the Manual stipulates that with regard to invitations to bid, application of the criterion of best value for money is required.

176. **The Board recommends that the Administration increase the managerial supervision of tender documents before they are published.**

16. Non-expendable property

177. Non-expendable property consists of property and equipment with a value of $1,500 or more per unit at the time of purchase and with a serviceable life of five years or more. As indicated in note 13 to the financial statements, the value of non-expendable property as at 31 December 2007 amounted to $447.9 million, up 50.1 per cent compared with the previous biennium ($298.4 million). The increase was due mainly to the transfer of assets from closed peacekeeping operations (volume II) to the United Nations volume I inventory upon establishment of the United Nations Integrated Office in Burundi (BINUB) and in Sierra Leone (UNIOSIL).

178. The rules regarding property management and inventory control state that each head of department or office shall ensure that a comprehensive physical inventory of supplies, equipment and other property of the United Nations is conducted every two years (ST/AI/2003/5, para. 3.6).

179. As already noted in its previous report (A/61/5 (Vol. I), paras. 114-131), the Board observed that the inventory of goods at the Organization's Headquarters was incomplete. It had recommended, inter alia, that the Office of Programme Planning, Budget and Accounts, in coordination with the Facilities Management Services, improve the recording and maintenance of property records to ensure fair valuation of non-expendable property in the notes to financial statements. In order to measure the progress made in this area, the Board carried out a test at the start of 2007 in the various United Nations Headquarters buildings in New York. The results of the test showed that the quality of inventory data varies to a great extent from one office to the next and from one building to the next. In the Department of Public Information, a survey of desks, shelves and cupboards, computers, fax machines, scanners and printers showed that 12 per cent (26 items) of furniture items on the premises were

not listed in the inventory. In the Contributions Service, numerous items listed in the inventory were missing (almost 30 per cent, or 16 items, mainly computers).

180. A similar situation was noted in the United Nations Office at Vienna. Despite previous recommendations made by the Board and OIOS, the Management Division still had not carried out an inventory of capital assets on the premises of the United Nations Office at Vienna. In addition, a draft circular from the Director-General of the Office stated in article 3.4 only that exceptional inventory taking may be performed from time to time at the discretion of the Property Records Custodian. That provision would violate the aforementioned rule in the administrative instruction referred to above.

181. The non-expendable property used on the premises of the United Nations Office at Vienna is listed in the inventory kept by the General Support Section. Once commissioned, the equipment is tracked either by a designated officer, in the case of information technology and telecommunications equipment, or simply by an identification tag. Items are removed from the inventory when their user changes, when items are handed over, or when losses, damage or obsolescence are noted. The procedures for removing items from inventories are based principally on online reports made by holders or users.

182. The Board noted that between those two stages (entry into and subsequent removal from inventories), no physical inventories were carried out by the General Support Section, despite the regulations provided in administrative instruction ST/AI/2003/5.

183. The United Nations Office at Vienna did not implement internal control procedures to provide minimal guarantees with regard to the reliability of equipment in use.

184. At the Economic Commission for Latin America and the Caribbean (ECLAC), office furniture was no longer listed in the inventory. An examination of the inventory files showed that certain data was contradictory and that there were no records of goods that had been sold.

185. **The Board recommends that the Administration ensure that the managers of the various services at Headquarters and at offices away from Headquarters improve their recordkeeping of non-expendable property, which should be supported by periodic physical inventory.**

186. **The Board also recommends that the Administration prepare and implement formalized internal control procedures over non-expendable property to ensure that information provided on the total value of the equipment in use at the end of accounting periods is reliable.**

187. The United Nations Office at Nairobi manages and handles the administration of insurance matters in relation to certain categories of non-expendable property which the Office possesses, along with property items owned by UNEP and UN-Habitat. As at 31 December 2007, the total amount of non-expendable property, apart from insured vehicles, amounted to $588,876, including $224,601 of goods belonging to UNEP, $110,187 worth owned by UN-Habitat and $254,088 worth owned by the United Nations Office at Nairobi. The property insured included information technology and audiovisual equipment, mobile telephones, cameras and projectors.

188. During the period between the acquisition date and the date on which items are removed from the inventory, the United Nations Office at Nairobi insured the goods on the basis of their acquisition price. The price reference used for insurance purposes was the initial price of a given item (the historical cost), regardless of its age. Thus, several computers and pieces of audiovisual equipment purchased in 2003 or before continue to be insured on the basis of their acquisition prices as opposed to lesser depreciation values. This method is disadvantageous as it results in higher premiums being incurred, but could be justified if the risks being insured were significant; however, the Office has not assessed them.

189. Management of insurance is characterized by a lack of formal procedures and policies that would otherwise clarify, normalize and standardize the risks and goods to be insured, the optimal period during which insurance for the goods should be purchased, and reassessment of their values.

190. **The Board recommends that the Administration ensure that the United Nations Office at Nairobi calculate premiums by taking into account the age of the property item being insured and the probability of the insured risks.**

17. Buildings and space management

Accounting aspects

191. Note 9 (a) to the financial statements indicates that land and buildings are reported at original cost, and that no depreciation is provided for buildings. Major improvements and extensions of existing buildings are capitalized when the projects are completed.

192. The Administration has regularly applied those principles, however, for extension work and new buildings (such as extension of meeting rooms, the North Lawn, the delegates' dining facilities, the staff cafeteria and the UNITAR building).

193. Capitalized assets at the Headquarters in New York amounted to $181.2 million as at 31 December 2007, although the Secretariat has undergone renovation work since its construction whose cost has not been incorporated into the accounts. As an indication, the contracts for improvement work over the last five years have cost more than $15 million, excluding architect's fees. The proper computation of the amounts capitalized since construction can be used to calculate a theoretical building depreciation value, compared with the budget forecasts for major maintenance work.

194. The introduction of a change in the accounting policy in the United Nations system accounting standards in order to better take into account changes in the value of the entire Organization's capitalized assets does not appear to be realistic given the upcoming replacement of the system's accounting standards. The IPSAS Task Force has already adopted a harmonized policy for capitalized assets and depreciation. However, the application of those standards to the Organization's assets, or at least to part of them, should be examined in the light of the significance of the amounts involved.

195. **The Board recommends that, in view of the implementation of IPSAS, the Administration ensure that the Accounts Division considers capitalizing renovation work carried out on the Organization's assets.**

Management aspects

196. In its preliminary risk assessment of the Secretariat's activities, the Board identified space management as a significant risk, reinforced by the capital master plan. Consequently, the Board examined this topic at the main sites of the Secretariat.

197. At Headquarters, this examination showed that there is:

(a) An inadequate understanding of the actual use and configuration of its work areas;

(b) Lack of an overall strategy for using space;

(c) A management of space based on urgent requests.

198. Concerning the first point in paragraph 197 above, the Board observed that, using a representative sample of the floors in the various buildings at the Secretariat in New York, significant variations existed between the office plans and their actual configuration for 9 per cent of the workstations. Those differences concerned, among other things, the layout of the premises and the number of workstations that could be included in the available space. The magnitude of those differences makes it impossible to manage the space effectively. Moreover, the Board observed that the names of the occupants and the use of the rooms indicated on the plans did not correspond with the actual occupants in 37 per cent of cases.

199. Regarding point (b) of paragraph 197 above, the Administration informed the Board that its long-term strategy for allocating space would be drawn up after a study is carried out analysing the choice between ownership and leasing of the premises, for application during the biennium 2008-2009. While waiting for the results of such a study, there is no long-term strategy for allocating and managing space.

200. Planning for the use of space is also made difficult by an insufficient understanding of needs. When the Office of Central Support Services is contacted by a department concerning its new needs, an overview of the resources already allocated to the requesting department is carried out to determine whether the request can be met through optimized use of the existing resources. However, no systematic annual updates are made with each department or with the main units to ensure that their needs have not increased or decreased. Such an assessment should be carried out systematically every year, or every six months for rapidly changing situations, so as to better foresee needs and to quickly detect sub-optimal situations. The Secretariat-wide consolidated synthesis of estimated future needs should lead to the timely application of the budget procedure if it turns out that additional office space has to be leased outside and to planning as early as possible for the contracts needed to carry out the operations.

201. **The Board recommends that the Administration implement an overall strategy for the use of office space.**

202. The Board observed that there was no procedure for planning for needs or for allocating space. Notably, after formal propositions made by the Office of Central Support Services on a given space request, no formal decision-making process exists, which often leaves the attribution of space open to unofficial interventions. Likewise, the lack of procedures encourages urgent requests, which are hardly

favourable to the execution of a medium-term strategy. There were 21 urgent requests among 106 projects in 2005 and 16 among 106 projects in 2006. Moreover, no procedure has been formulated for retrieving, as automatically as possible, non-optimized floor space for the common good. The effort towards formalizing procedures should deal with incentive links between the budget procedure and the application of the aforementioned strategic principles for managing office space.

203. **The Board recommends that the Administration formulate written procedures for space management and ensure their application in the following areas: planning for needs; allocating place and arbitrating requests; retrieving floor space; and limiting urgent requests.**

204. Improvements need to be made in the area of building safety. The Organization agreed to safety inspections on a voluntary basis in April 2006 with a view to fully cooperating with the authorities of the host country. Under article II, section 3, of the 1946 Convention on the Privileges and Immunities of the United Nations, the premises of the United Nations are inviolable and immune from any form of interference by administrative action, which explains why no fire inspections had been carried out before the above-mentioned decision of the Organization. Following that decision, in January 2007 the Administration invited the City of New York to carry out inspections of the buildings at Headquarters to check their compliance with fire, building and asbestos safety standards.

205. The Administration started by listing the actions considered to be immediately necessary. A medium- and long-term plan of action was also drawn up; the Administration indicated that the medium-term measures were under way or should begin before the end of 2008. As for the more long-term measures, the Administration stated that they were part of the capital master plan. Assurances should nonetheless be gained that satisfactory compensatory measures are found if the work required to implement those measures cannot be carried out before the start of the capital master plan.

206. The significance of the comments made by the City of New York revealed the lack of monitoring, in terms of safety rules, over the years since the Headquarters complex was built. This issue had already been the subject of a recommendation by the Joint Inspection Unit (A/56/274) and several questions in the General Assembly (notably see resolution 60/282). In particular, the Board observed that the absence of any sprinkler system poses major safety risks. These risks are not made up for by the fire alarm system or by the reinforcement of the firefighting system. The Administration indicated that funding limitations pending the implementation of the capital master plan constrained the Organization's efforts towards full compliance with safety standards. The Administration further specified that it had implemented a number of measures to mitigate the absence of a sprinkler system until the refurbishment under the capital master plan and that those measures had been accepted by the New York City Fire and Building Departments.

207. **The Administration agreed with the Board's recommendation to take appropriate measures to bring the Headquarters building systems into full compliance with safety standards.**

208. The budget process could be an effective way to improve space management; it could also provide guarantees of fairness. In this regard, the Administration currently only uses a single indicator — floor space per staff member — which is

based on data that is not sufficiently reliable. Optimum management of space would entail filling in a scoreboard containing, as a minimum, indicators for the following elements:

(a) Optimization of available space (e.g. number of free workstations/total number of workstations);

(b) Cost of the space occupied and owned (e.g. operating cost + equipment maintenance cost/useable area);

(c) Cost of rented space (e.g. rental price including utilities and maintenance/useable area);

(d) Available space per staff member (e.g. useable area/number of staff).

209. **The Board recommends that the Administration draw up a comprehensive scoreboard for the use of space and share it with department heads.**

210. The Board examined the real estate issues related to the United Nations buildings in Geneva and Nairobi.

211. In Nairobi, the Gigiri compound is owned by the Organization. The 56.7 hectares of land were donated by the Government of Kenya. The construction of the buildings was financed by the United Nations budget. The building complex, with 35,103 square metres of construction, including 25,852 square metres of office space, was inaugurated in 1984.

212. The Gigiri compound groups together 1,967 of the 3,020 United Nations staff based in Kenya. A total of 1,053 United Nations staff located in Nairobi therefore work outside the Gigiri compound on premises leased at the local market rate. Of the 65 organizations located in Kenya, 29 are located outside the Gigiri compound.

213. The compound is managed by the United Nations Office at Nairobi which, in so doing, plays a major role in common services such as administrative, financial and accounting, real estate, logistic, safety and telecommunications support.

214. Following the terrorist attacks in Kenya in 1998 and 2002, some United Nations services based in Nairobi began to group together within the United Nations Office at Nairobi complex. A decade later that movement was halted, and at present one quarter of the United Nations staff and nearly half of the staff of related agencies are still located outside the Gigiri compound.

215. In July 2007, the United Nations Office at Nairobi submitted an update project to the Secretariat for expansion of the Gigiri compound, with 17,000 square metres of office and related floor space, amounting to $26 million.

216. The expansion project fulfils several objectives that are useful to the Organization:

(a) Grouping together all United Nations services and staff at a secured site;

(b) Lowering rental costs and achieving inter-agency scale savings;

(c) Rendering quality services accessible to the agencies thus grouped together (reinforced security, broadband Internet connection, secured telecommunications, administrative and logistic support, meeting facilities and staff services, among others).

217. **The Board recommends that the Administration ensure that the United Nations Office at Nairobi undertakes a comprehensive analysis of the costs incurred by the presence of 29 United Nations agencies and their staff outside the Gigiri compound.**

218. In Geneva, the Palais des Nations site is an architectural ensemble dating from the 1930s whose buildings, as well as the furnishings and decoration in the conference and reception rooms, reflect the art and culture of the States Members of the United Nations.

219. Those areas must be kept in good operating condition and in compliance with occupational safety and health standards. The site must be protected from all risks of damage to or disappearance of property.

220. The Convention Concerning the Protection of the World Cultural and Natural Heritage of 16 October 1972 states that some cultural and natural heritage property is of outstanding interest and must be preserved as part of the heritage of all of humanity. Article 1 stipulates that the following are considered as "cultural heritage":

- Monuments: architectural works, works of monumental sculpture and painting, elements or structures of an archaeological nature, inscriptions, cave dwellings and combinations of features, which are of outstanding universal value from the point of view of history, art or science;
- Groups of buildings: groups of separate or connected buildings which, because of their architecture, their homogeneity or their place in the landscape, are of outstanding universal value from the point of view of history, art or science.

221. In addition, article 4 stipulates that:

> Each State party to this Convention recognizes that the duty of ensuring the identification, protection, conservation, presentation and transmission to future generations of the cultural and natural heritage referred to in articles 1 and 2 and situated on its territory, belongs primarily to that State. It will do all it can to this end, to the utmost of its own resources and, where appropriate, with any international assistance and cooperation, in particular, financial, artistic, scientific and technical, which it may be able to obtain.

222. The listing as a world heritage site of the entire Ariana Park, the Palais des Nations alone or even part of it would certainly be a first for a heritage site that does not belong to a State party to the Convention, but rather to an international Organization. As Switzerland, the host country, has been a party to the convention since 17 September 1975, the possibility could be studied of having that State propose such a designation for the site, which was made available to the United Nations by the City of Geneva and is located on its national territory.

223. **The Board recommends that the Administration study the usefulness of having all or part of Ariana Park or just the Palais des Nations listed as a world cultural and natural heritage site.**

224. The Maintenance Service for the buildings of the United Nations Office at Geneva has prepared a list which shows the obsolescence of much of the equipment, such as the heating pipes, windows and waste and rainwater pipes, which are detrimental to maintaining the buildings' functions and would be a source of current

excess expenses (heating, flooding of the archives in the basement) as well as potential future expenses (high risks of leaks on the flat roofs, only 50 per cent of which have been renovated in seven years, and protection of the concrete to avoid bursting, which could cause structural problems).

225. Knowledge of the property is an indispensable prerequisite to any maintenance procedure, especially for old buildings. However, the United Nations Office at Geneva does not prepare a periodic, unified inspection statement for the buildings which would allow it to determine the work and the financial and human resources needed for medium- and long-term maintenance of those buildings.

226. **The Board recommends that the Administration ensure that the United Nations Office at Geneva:**

(a) **Carries out inspections and periodic monitoring of all buildings so as to define the work needed to maintain or improve them;**

(b) **Formalizes a long-term work schedule.**

227. The Board also focused its attention on the management of conference services at the offices away from Headquarters as well as at the regional commissions.

228. Statistics for the use of conference centres at the United Nations Office at Geneva, the United Nations Office at Nairobi, the Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok and the Economic Commission for Africa (ECA) in Addis Ababa have shown that there is a large, unused potential, despite the notable differences in use from one site to another. Vacancies of conference rooms are an opportunity cost to the United Nations. As an illustration, the Board estimated that the rate of non-use for the biennium 2006-2007 represented a theoretical net cost of $55.6 million.

229. External factors over which the United Nations has little control, such as the political situation in Nairobi, Bangkok and Addis Ababa, partly explain the difficulties encountered by certain conference centres. Other more common constraints also affect the use of centres. Their use by entities other than organizations within the United Nations system is subject to various legal restrictions. Authorization to rent out the rooms can be granted only insofar as their use is compatible with the objectives and principles of the United Nations and is not of a commercial nature. Notably, the conference centres cannot be used for events with political, ethnic or religious implications or for events whose direct aim is the sale or promotion of goods or services (see A/55/410). Furthermore, regional competition for conference services is strong in Geneva and Bangkok, with highly competitive offers in terms of both quality and capacities.

230. United Nations agencies, however, do not always appear to be encouraged by their governing bodies to use the conference service facilities of the United Nations Office at Geneva. The United Nations agencies based in Geneva are equipped with meeting spaces that limit the use of the aforementioned conference centres. Only the World Health Organization (WHO), the United Nations Development Programme (UNDP) and the International Labour Organization (ILO) organize their annual or biannual general assemblies at the United Nations Office at Geneva. WTO has never held its annual conference there. In Bangkok, several organizations in the United Nations system have held events outside the conference centre.

231. **The Board recommends that the Administration develop strategies to reduce the vacancy rates of its conference centres.**

232. During its audit, the Board found that the management services of the various conference centres had not adopted strategies for occupying the centres, nor had they developed suitable management tools. Moreover, the practical constraints for using the centres are significant. In Geneva, for example, the hours of operation are limited, and no meetings can be held on non-working days. In all, the conference centres are available theoretically for only 6 hours a day, or 30 hours a week. The procedure for requesting a room is also quite complicated, so that organizations outside the United Nations can never rent rooms.

233. In September 2000, in his report on the utilization of the United Nations conference centres at Bangkok and Addis Ababa (A/55/410), the Secretary-General set forth the objectives for improving the use of the conference centres, notably in Bangkok, which included developing an in-depth sales strategy, the use of professional tools and the definition of precise objectives. In November 2007, ESCAP still had not set any objective in terms of the rate of usage for the rooms. In Nairobi, the Conference Division did not begin to take usage statistics into account until 2004. Comparisons of the Division's performance over time are therefore limited. In Geneva, despite the progress made in connection with the reinforcement of the statistics and assessment unit, the production of reports and assessments is still mainly a manual process.

234. ECA was late in starting to take action to comply with the Board's previous recommendation for promoting the use of conference centres among Member States and United Nations agencies in order to optimize their use (A/61/5 (Vol. I), para. 341). ECA now has a database of former users with whom it can communicate regularly. This database comprises 21 United Nations agencies, 25 non-governmental organizations or associations and 23 Ethiopian national institutions. ESCAP has made efforts to increase awareness among United Nations entities of its meeting rooms.

235. It would be advisable to prepare a list of potential customers and to keep them informed of the availability and extent of services offered. In Addis Ababa and in Bangkok, the Board observed that there were files that listed existing customers, but they did not contain any potential clients among major professional associations and large private companies.

236. **The Board recommends that the Administration make the conditions for using the conference centres more flexible, monitor their occupation and develop their commercial management in accordance with the rules set by the Organization.**

237. The quality of the facilities is not always up to the recognized standards expected of an international conference centre. At the Nairobi centre, despite the quality of the site, there is an insufficient number of offices and workrooms, and the technical installations, using analogue technology (translation, sound, recording and projection), have not been changed since 1984. Under those conditions, it appears increasingly improbable that the United Nations Office at Nairobi will be able to maintain the level of occupancy and income achieved to date. Combined with the difficulties related to the context in Nairobi, those problems will have a negative effect on the use of the centre. This situation drew the attention of the General

Assembly which, in its resolution 58/272, approved the principle of renovating and modernizing the conference centre at the United Nations Office at Nairobi and requested that a report on the benefits of the modernization be submitted to it during the biennium 2006-2007. At the time, the cost of the work had been estimated at $3.5 million. The lack of local technical skills, the use of a consultant's services and the need to review the initial file in view of financial and technological developments explain why, nearly five years after the adoption of the resolution by the General Assembly, the project still has not started.

238. In Bangkok, a large quantity of the furniture in the conference rooms has not been replaced since the centre was opened in 1993. There was neither a specific programme for replacing the furniture nor any plan for replacing or investing in technical equipment. Some of the furniture and equipment in the centre could very quickly become obsolete or might no longer meet current standards (notably, videoconferencing equipment).

239. **The Board recommends that the Administration:**

(a) **Carry out a systematic assessment of the equipment for the conference centres in order to plan for its progressive replacement;**

(b) **Examine the suitability of the conference centres and draw up a multi-year equipment renovation plan.**

18. Human resources management

240. The Secretariat proposed to undertake a vast reform of human resources management as presented in the report of the Secretary-General on investing in people (A/61/255), which was endorsed by the General Assembly in its resolution 61/244. Concerning recruitment, the overall objective of the Administration is to build a high-quality, multi-skilled and mobile workforce, with the highest standards of efficiency, competence and integrity and with due regard to geographic representation and gender balance.

241. Given the importance of the subject, the Board has undertaken an audit of the entire Office of Human Resources Management, concentrating its analysis on the areas of recruitment, promotion and respect for equitable geographical representation and gender balance. The following observations describe the current situation and, where necessary, refer to the reforms undertaken or planned in order to achieve this objective.

Governance

242. Since 1999, the objectives of each department of the Secretariat can be found in two-year human resources action plans. The plans cover 10 key sectors, including post vacancies, gender equality, geographical distribution and performance management. They distinguish between the objectives placed under the responsibility of the department head and others which aim only to increase awareness of the subjects. However, there are more than 20 of the former without any priorities having been set among them. Effective human resources practices require focus on a limited number of objectives and the establishment of priorities among the objectives selected to facilitate their achievement.

243. **The Administration agreed with the Board's recommendation that it prioritize the objectives of the human resources action plans and select a reduced number of them as priority targets.**

244. The Secretary-General's bulletin that defines the organization of the Office of Human Resources Management (ST/SGB/2004/8) stipulates that the Office is the central authority for matters pertaining to the management of human resources. As per the bulletin, the Office, in liaison with its clients, is entrusted with: defining policies; contributing to recruitment, career management and training; developing health and medico-administrative policies; conducting staff-management consultation; and ensuring that human resources policies and rules are followed. The Under-Secretaries-General themselves are responsible for the majority of policy implementation. They are in charge of ensuring the success of the human resources action plans (see resolution 59/266) and making key decisions with respect to major processes, such as nominations (see ST/AI/2006/3). They are assisted by executive officers who, among other activities, oversee human resources issues for the department and are themselves often assisted by a human resources manager who has a particular specialization in that area.

245. The sharing of roles between the Office of Human Resources Management and the departments in managing processes or achieving human resources objectives is often complicated and blurs responsibilities. The multiplicity and complexity of the actions makes it difficult to assign success or failure between the Office and the departments. This is the case for nominations, recruitments and meeting the objectives of gender equality or geographical balance. This difficulty is increased by the fact that, as is the case for many other support services, the Office is in charge of both a general oversight role for the other services — setting policies and monitoring the results — and a service-provider function — such as organizing competitive examinations, managing information systems and training. Consequently, the department heads' human resources performance depends largely on that of the Office of Human Resources Management.

246. In his report on investing in people (A/61/255), the Secretary-General called for the expanded use of pre-screened rosters managed by the Office of Human Resources Management (paras. 70-75) and the setting up of a recruitment service, created within the Office, to be in special charge of assisting managers in selecting their collaborators (paras. 76-79). It would therefore be all the more necessary for the Office of Human Resources Management and other departments to work together to achieve priority human resources objectives. Managers of other departments should therefore align their objectives, which would encourage them to cooperate toward the same goal.

247. Good human resources practices often lead to giving central human resources management objectives, fulfilment of which does not depend on their action alone, or, for certain important subjects, to assigning one or two common objectives to central human resources management and to the departments being serviced. Thus, it is common for the human resources management to have objectives for improving recruitment costs or times, even though at several stages of the process they depend on the services for which they are providing service. Likewise, they may be assigned training objectives even though approval from the departments is needed for their collaborators to take part in the training actions. The responsibility

assigned to the department heads does not exclude setting common objectives with the Office of Human Resources Management for certain subjects.

248. **The Board recommends that the Administration assign a few common objectives to the Under-Secretary-General for Management, the head of the Office of Human Resources Management and the relevant Under-Secretaries-General in relation to human resources management matters identified as priorities.**

Recruitment

Geographical representation

249. To improve the geographical representation indicator, competitive examinations are open only to the citizens of countries that are unrepresented, underrepresented and under the median point in the range. For the period from 2001 to 2005, the Board observed a deterioration in results, with the share of successful candidates from unrepresented and underrepresented countries falling from 43 per cent to 34 per cent, with a low point of 12 per cent in 2003. For the period from 2001 to 2006, the results also deteriorated sharply, with the share of staff from overrepresented countries having nearly doubled, from 17 per cent in 2001 to 31 per cent in 2006. According to the Board, there are two reasons for this deterioration: (a) insufficient advertising in unrepresented and underrepresented countries; and (b) an overrepresentation of candidates, and especially successful candidates, from countries placed within the range. The Office of Human Resources Management places two advertisements in a weekly international publication and another on its website. Furthermore, the Office provides Member States with copies of a video which can be shown on television and a sample of advertisements for radio or universities. In fact, communication actions are essentially left to the Member States' initiative. Yet the Office could target unrepresented and underrepresented countries and, in addition to the actions left to the initiative of Member States, carry out awareness-raising campaigns directly in the country, as called for by the Secretary-General in his report (see A/61/255, para. 89).

250. **The Administration agreed with the Board's recommendation that it ensure that the Office of Human Resources Management carries out a proactive advertising policy for unrepresented and underrepresented countries.**

251. Given the low level of the ceiling for candidates from any one country and a high concentration of successful candidates from a small number of countries close to the median point (the number of candidates from the same country is limited to 50 per test, keeping in mind that the number of tests per competitive examination varies from seven to eight), the results continued to deteriorate.

252. Thus for 2005, whereas the proportion of successful candidates from underrepresented and overrepresented countries was, respectively, 34 per cent and zero per cent (by their structure, the national competitive examinations do not recruit from among nationals of overrepresented countries), the proportion of people actually recruited from unrepresented or underrepresented countries was only 16 per cent, whereas 25 per cent of the people recruited from the roster come from countries that became overrepresented in the period between the organization of the national competitive exams and the moment of their recruitment.

253. This phenomenon, related to the concentration of successful candidates for the competitive examination from a small number of countries close to the median point, was seen not only in 2005. In all, between 2004 and 2006, more than one third (35 per cent) of the staff recruited from the roster were from countries which had become overrepresented at the time the staff were recruited. The pool of recruits therefore did not provide enough successful candidates from unrepresented and underrepresented countries to enable the departments to reach the target of 25 per cent of recruitments from those countries which had been set for them. A solution would be to lower the ceiling for the number of candidates of the same nationality allowed to participate in the national competitive examinations, currently set at 50 people per test. It should be pointed out that this ceiling is the same for all countries.

254. **The Administration agreed with the Board's recommendation that it ensure that the Office of Human Resources Management revise the country ceiling for candidates allowed to participate in the national competitive recruitment examinations.**

Organization of the national competitive examinations

255. The theoretical duration of the national competitive examinations, between the choice of countries and the professional tests and the end of the oral examinations, is 22 months. The examination itself takes 11 months. This period of time does not take into account the process of selecting the successful candidates who are accepted into the pool. This time frame appears excessive given the risks run by the Organization for the proper operation of its services, the quality and availability of the candidates and the image of the Organization (see table II.6). The real time is actually much longer for certain tests owing to a lack of available examiners.

Table II.6

Average time and extremes for marking competitive examination test papers and conducting interviews

	2005		*2006*	
nent	*Days*	*Months*	*Days*	*Months*
Average time for marking written tests	251	8.2	194	6.3
Average time for interviews	73	2.4	78	2.6
Average total time for marking (1+2)	**325**	**10.6**	**272**	**8.9**
test total time for correcting the test	79	2.6	194	6.4
west total time for correcting the test	403	13.2	411	13.5

256. This time could be reduced through continuous needs planning. Furthermore, the Office of Human Resources Management could carry out the meetings with the Member States concurrently (current duration: two months) and reduce the time needed for marking the written exam and convocations for the oral exams. The current marking times are excessive. In addition, the Board deems it is necessary for the dates for publishing the results to be posted and respected.

257. **The Board recommends that the Administration ensure that the Office of Human Resources Management implements measures to reduce the actual duration for implementing the competitive examinations.**

258. The Administration commented that this recommendation would be possible if adequate human and financial resources, in the form of full-time graders, are provided.

Language proficiency

259. French and English have been the two working languages at the United Nations Secretariat since the adoption of resolution 2 (I) of 1 February 1946. The two languages must therefore be treated equally. Yet, an inspection of the position files shows that for most positions, including at the offices in French-speaking regions (Geneva), proficiency in English is considered indispensable, whereas proficiency in French appears to be only desirable. Thus, recruitment leads to almost all of the staff having a mastery of the English language, while only a minority speaks French; consequently, work is carried out largely in English in violation of the General Assembly resolution.

260. To ensure respect for the resolution of the General Assembly, the Secretariat should require fluency in both languages for the candidates it recruits. In order to reconcile the objectives of skills, geographical diversity and gender equality with the need to respect the status of both working languages, a progressive approach will have to be adopted.

261. **The Board recommends that the Administration implement measures to ensure it is in compliance with resolution 2 (I) of February 1946 and, in that respect consider, inter alia, making it a requirement that new entrants at the professional level and above who are not fluent in both working languages undergo language tutoring upon joining the Administration.**

262. **The Board also recommends that the Administration test the fluency in both working languages of all new entrants at the Professional level and above after a period of time from their entry on duty.**

Studies on the conditions of service of staff in the United Nations system

263. During its audit of the International Civil Service Commission, the Board examined how studies on the conditions of service of staff in the United Nations system were carried out. Those studies are decisive for the Organization's human resources management. While no major dysfunctional situations were detected in this area, the Board nonetheless identified lines for possible improvements.

264. In accordance with its statute, the Commission draws up the classification of assignment sites for United Nations staff with a view to setting adjustment allowances. The adjustment allowance is paid in addition to the base salary to ensure that wherever the staff works in the United Nations system, their net compensation provides them with purchasing power equivalent to that observed in New York. The post adjustment index takes into account changes in local prices and exchange rates for the United States dollar. The post adjustment multiplier is calculated using the adjustment index. One point in the post adjustment multiplier corresponds to a percentage of the staff member's net base salary. Multiplying this

amount by the post adjustment multiplier applicable to the duty station gives the amount of post adjustment payable.

265. For all headquarters or field duty stations where United Nations common system staff are stationed, the Commission conducts place-to-place and housing surveys to establish the post adjustment index. A place-to-place survey aims at obtaining and processing benchmark data regarding prices of about 330 specified goods and services, housing and domestic costs and household expenditure costs. A housing survey concerns only permanent accommodation. The various types of data are collected from the three key players in the survey process: the survey coordinator; eligible staff at the duty station; and the pricing staff member.

266. The Commission's proposed programme budget for the biennium 2006-2007 (A/60/6 (sect.30)) laid down the objective of updating the classifications and adjustment multipliers for the subsidy thresholds for rental and for mobility/hardship allowances. The indicator for meeting this objective is the implementation at the scheduled date of the cost-of-living survey, which entails a reduction in the time between the scheduled date for the survey and its completion.

267. However, this indicator does not take into account two factors: the time between the scheduled date for the survey and the actual date the survey was conducted; and the time between the conduct of the survey and the issuance of the consolidated circular for adjustment.

268. The Commission conducted 131 cost-of-living surveys in 2006 covering 127 countries and 109 surveys in 2007 covering 105 countries at the time of the audit. Of those 240 surveys, 22 had been preceded by missions undertaken by the Commission secretariat staff from April 2006 to October 2007 to assist the coordinator in duty stations deemed problematic.

269. In comparing the dates mentioned in the monthly post adjustment circulars against the initial survey schedule, the Board noted that for circulars issued in 2006, there is a time lag of 2 to 21 months between planned dates for the surveys and issuance of the circulars and a time lag of 2 to 32 months for circulars issued up to the time of the audit in 2007. On the same basis, of the 240 surveys mentioned above, post adjustment circulars were issued within 13 to 32 months of the original survey schedule for 51 surveys, including 16 surveys for which this time lag was more than 24 months.

270. The Commission explained that the conduct of surveys deviated from the schedule owing to reasons beyond its control, such as: request by the coordinator of the duty station to postpone the survey; absence of staff in the duty station; failure to provide an acceptable response rate to the survey questionnaires; difficulties in locating candidates for pricing agent positions; and economic conditions at the duty station.

271. However, the deviation was also due to the delay in both preparing and sending the survey materials, which usually occurs after the scheduled date for the survey, and the processing of the materials received. It should be noted that under the approved methodology, the Commission has an obligation to publish the results of a survey conducted in a duty station within four months of receipt of the completed survey materials from the duty station.

272. Failure or delays in implementing cost-of-living surveys at a duty station can, however, lead to inaccuracy in determining the post adjustment index for the locations in question owing to an increased use of local statistics to update the measures. Consequently, the post adjustment index and the classifications listed in the monthly circular can vary from the real cost-of-living level at certain sites in the United Nations common system.

273. Place-to-place surveys are conducted at least once every four years depending on local circumstances, given the rapid inflation and/or substantial devaluation of the local currency against the United States dollar that occurs in some economies.

274. A total of 7 surveys out of the 155 scheduled for the year 2005 were not carried out. For eight sites, no place-to-place surveys had been carried out since 2004 and none were scheduled for 2007. For two other sites, only one housing survey had been carried out over the last three years. All but one of these sites concern countries with high inflation or a substantial devaluation of the local currency.

275. **The Board recommends that the Administration ensure that the International Civil Service Commission:**

(a) **Continues to improve the methods of its cost-of-living and place-to-place surveys;**

(b) **Considers as a performance indicator the total time lag between the scheduled date for the surveys and the date of issuance of the post adjustment circular.**

276. The Board audited the list of daily subsistence allowances. The Commission's annual review of the daily subsistence allowance is to ensure that, in most cases, the daily subsistence allowances rates are less than one year old and result in adequate payments to United Nations staff. The review involves the collection of data for changes in hotel rates, meal prices and currency fluctuations for 1,188 locations worldwide. As a result, the established rates are published in a circular and available on the Internet.

277. The Board nonetheless observed that, for the 1,188 locations for which the daily subsistence allowances rates have been published, the data for 562 sites was more than 12 months old.

278. The Commission confirmed that the inquiries should be carried out annually but that delays can occur in updating the daily subsistence allowances rates, for example due to the absence of permanent United Nations activity in some locations. Furthermore, the Commission faces difficulties in gathering data, such as: failure of officials in the field to conduct the review in a timely manner; lack of awareness among managers in terms of supplying data; absence of responses from unconcerned hotels; inability of hotels to provide responses in time due to their isolation; and conflict situations affect the ability of United Nations staff to gather the necessary data (19 locations cannot be visited by United Nations staff). Some field stations did not need a change in the daily subsistence allowances rates or did not receive complaints about inadequate daily subsistence allowances rates from travellers. The Board observed that reminders had been sent out to the coordinating agency for 154 sites.

279. **The Administration agreed with the Board's recommendation that it ensure that the International Civil Service Commission makes all possible efforts, notably by encouraging participation by the organizations to provide relevant information, to ensure annual updates of daily subsistence allowance rates.**

280. In response to General Assembly resolution 59/266 and the report of the Secretary-General entitled "Investing in the United Nations: for a stronger Organization worldwide" (A/60/692), the Commission has set up a working group to provide recommendations aimed at harmonizing the conditions of service of staff assigned to non-family duty stations.

281. In its resolution 59/266, the General Assembly also requested the Commission to submit an analysis of the desirability and feasibility of harmonizing conditions of service in the field, including at non-family duty stations, and to provide full details of the financial implications. The reason for that request is that the Department of Peacekeeping Operations, when hiring staff uses two categories of fixed-term contract: (a) a short fixed-term contract (under the 300 series); and (b) a specific mission contract (a fixed-term contract under the 100 series). The short-term contract is for one year, renewable within the limit of four years, and includes only the basic salary, risk premiums and monthly subsistence allowance. The mission-salary contract varies depending on the duration of the mandate and offers the same base salary as for regular staff, including hazard pay, education grant, dependency allowance and monthly subsistence allowance.

282. With the exception of the Department of Peacekeeping Operations, most organizations of the common system apply the special operations approach to staff serving in non-family duty stations. The staff is considered to be regular staff with non-limited contracts (under the 100 series) which is an arrangement that is considered far more attractive. It includes base salary in a career scheme, post adjustment, assignment grant, shipment of personal effects and mobility and hardship allowance applicable to the administrative place of assignment, as well as a special operations living allowance and hazard pay.

283. Despite active recruitment campaigns, the average vacancy rate in peacekeeping operations is 17 per cent as at 31 December 2007, compared with an average vacancy rate for the special operations approach model of from zero to 8 per cent. The average turnover rate is 30 per cent. Some 54 per cent of Professional staff have no more than two years of experience, although they work in fast-paced and highly complex operational environments that demand expertise in United Nations policies, systems and procedures.

284. The working group recommended (ICSC/64/R.10) that the Commission indicate to the General Assembly that harmonization of conditions of service at non-family duty stations is essential to preserve the United Nations common system. In that view, it recommends that all organizations, including the Department of Peacekeeping Operations, harmonize the designation of duty stations and that appointments of limited duration (300 series) be phased out in favour of fixed-term contracts, with a similar compensation package. The working group also made proposals to harmonize practices relating to entitlements, recruitment, retention and reassignment, with financial implications of the recommendations.

285. Pending its decision on the human resources reform proposals, the General Assembly decided to continue to suspend the application of the four-year limitation on 300-series appointments until 31 December 2008 and to allow conversion to mission-specific 100-series contracts for staff who have a minimum of four years of service, provided that their functions have been reviewed and found necessary and their performance deemed fully satisfactory.

286. It appeared that the job classification in fields for peacekeeping operations did not respect the principle of equal treatment for similar situations, which the Commission was in charge of verifying.

287. **The Board recommends that the Administration ensure that the International Civil Service Commission assesses and reports on the implementation of its proposals relating to staff serving at non-family duty stations in its annual report.**

288. The Administration recalled that the General Assembly had deferred consideration of the proposal until the main part of its sixty-third session.

Vacancies

289. Over the 2006-2007 biennium, the total expenditure of the Office of the United Nations High Commissioner for Human Rights (OHCHR) amounted to $248.1 million, compared with $175.1 million for the previous period, or a 41 per cent increase. Expenditures related to extrabudgetary funds amounted to $168.5 million, representing 67 per cent of the total, and those related to the regular budget amounted to $79.6 million, or 33 per cent of the total.

290. The significant increase in posts in OHCHR from the previous biennium has led to a significant rise in vacancy rates, for both headquarters and field offices. As at 31 December 2005, 47 positions out of a total of 467 (or 10 per cent) were vacant, of which 28 positions out of 365 (or 8 per cent) were related to headquarters and 19 out of 102 (or 18 per cent) to field offices. As at 31 December 2007, 108 positions out of a total of 701 were vacant (or 15 per cent), of which 66 positions out of 532 (12 per cent) related to headquarters and 42 out of 169 (or 25 per cent) related to field offices.

291. In 2007, the average vacancy duration was 216 days. As at 30 June 2007, the average recruitment period for staff of OHCHR was 416 days. The United Nations Office at Geneva is responsible for recruitment on behalf of OHCHR.

292. The reasons indicated by the Administration to explain this situation bear on recruitment rules, which make it necessary to take into account candidate selection criteria such as the consideration, as a first option, of candidates already in the service of the United Nations (ST/SGB/2007/4, regulation 4.4); respect for gender balance; respect for a balanced geographical distribution of candidates (Article 101, para. 3, of the Charter of the United Nations and ST/SGB/2007/4, regulation 4.2). It is the obligation for the head of a department to examine each candidature presented by the United Nations Office at Geneva after application of the first filter on the basis of the previous criteria. In addition, the Office dedicates only one staff member to examine job applications from external candidates.

293. The length of the recruitment time frames does not favour a proper implementation of OHCHR projects, in particular in the field.

294. **The Board recommends that the Administration strengthen the resources dedicated to the selection of candidates for positions in OHCHR.**

19. Consultants, experts and temporary staff

295. During its audit of the Department for General Assembly and Conference Management, the Board noted the long-standing contractual relations with some external translation contractors. For Chinese translations, the Department's contractor has had a monopoly since 1976, that is to say 34 years (the company has been in existence since 1973), which can be explained by its competitive edge in terms of the knowledge of United Nations terminology its staff has acquired. For Russian translations, the Department has used the same company since 1994, which has had a monopoly since 2003. However, feedback on this company has not been of sufficiently high quality according to the Administration's evaluations. In particular, translators with inadequate performance have not been clearly identified.

296. First, greater importance should be given to the quality of work in the evaluation of bids. Second, a clause should be systematically inserted into contracts enabling the Department to object to a translator employed by a company working for the United Nations if the Department deems, after its evaluations of contractual works, that he or she does not have a sufficient level of expertise. Finally, a cancellation clause should be added in contracts to sanction repeated inadequacies, for example, after five substandard translations. The use of those clauses would allow the Department to strengthen the monitoring of nominative evaluations, identify external translators whose work poses the greatest risk in terms of quality and focus its internal control mechanisms on them.

297. **The Board recommends that the Administration ensure that the Department for General Assembly and Conference Management reviews the method for selecting external providers of translation services and enhances the criteria for assessing the performance of individual translators.**

298. For contractual purposes, since the Department has stated that the hiring of translators who have retired from the United Nations has notable comparative advantages over other alternatives, it uses mainly translators who have retired from the Organization. For the Arabic and Spanish sections, the share of retired translators among the total number of contractual translators is 80 per cent.

299. In principle, a translator retiring from the Organization indeed has a solid knowledge of United Nations terminology and activities, making him or her a superior candidate for such work. However, the Board has not been able to find evidence of the comparative advantage of the Department's use of retired translators from examination of the evaluation files. On the contrary, the sections which make most use of retirees as contractual translators are also those for which overall satisfaction with the performance of contractual translations is the lowest. In addition, within the Arabic section, the three worst evaluations for 2006 and 2007 corresponded to work carried out by retirees from the Organization.

300. The Department has emphasized the fact that there was a procedure and precise criteria in place for inclusion on the roster of external translators, whether or not they were retirees from the Organization. The Board nevertheless found that this procedure and those criteria had not been formalized.

301. The Board also examined the regularity of conditions of employment of retired translators, with regard to the relevant instructions from the Secretary-General (see ST/AI/1999/5 and Corr.1 and ST/AI/1999/7 and Amend.1). Those instructions state, in particular, that there should be a period of three months between ceasing work with the Organization and the hiring date, and that annual remuneration may not exceed $58,000.

302. The Board found several exceptions. First, the retirement date was not included within case files kept by the Department, on contractual translators recruited, hindering a first-level inspection. Second, in the absence of integration of the information and management at Headquarters with that for offices away from Headquarters, the Department for General Assembly and Conference Management could not be aware of the total amount of remuneration paid by the United Nations to retired translators. The Department therefore monitored only remuneration paid to translators who had worked for Headquarters. Translators were subject, however, within the framework of their recruitment contract, to an obligation to declare revenue received from the United Nations as a whole, although this was not subject to any ex post verification. Finally, on the basis of an analysis of remuneration paid to retired translators by New York alone, the Board found that in 2006, remuneration exceeding the ceiling of $58,000 had been paid to a retired translator. The Executive Office of the Department indicated that it would carry out an inquiry into the remuneration received by the translator. Also, nine translators who had retired from the Organization earned from Headquarters alone more than $40,000 in 2006, which accordingly presents a risk of their exceeding the remuneration ceiling for the United Nations as a whole.

303. **The Board recommends that the Administration ensure that the Department for General Assembly and Conference Management formalizes the procedure and strengthens the criteria for inclusion on the roster of contractual translators.**

304. **The Board also recommends that the Department for General Assembly and Conference Management strengthen its procedures for controlling rules applicable to the recruitment of retirees from the Organization, in particular those relating to the remuneration threshold.**

305. The Board has also examined the use of external consultants by the Department of Economic and Social Affairs. The consultants were recruited from among a network maintained both by each division and beneficiary countries. This recruitment mode is the result of several limitations: the scarcity of professionals in certain cutting edge specialties; the availability of staff on a given date; and the setting up of partnership operations (UNDP or regional commissions), which makes it necessary to take into account the preferences of partners and the intervention of donor countries providing their experts.

306. Administrative instruction ST/AI/1999/7 states in section 2 (c) that the consultant must be selected from among highly qualified candidates in their specific field of expertise, on the basis of a reasoned and documented process. Section 4 of the same instruction details the selection process and refers, in particular, to the need to rely on a central roster of candidates. Divisions of the Department of Economic and Social Affairs indicated that consultants were recruited on the basis of objective information aimed at taking into account the adequacy of skills and professional experience recognized among potential candidates. However, they

added that they were not in favour of keeping a pre-established roster of candidates. Their main argument is that, taking into account the rapid obsolescence of knowledge in sectors where technological developments are swift, such a list would make sense only if it were updated regularly. The consequences of this practice are that: (a) each division has a tendency to hire mainly those it already knows rather than new consultants; and (b) there is a concentration of consultants from three countries (France, Italy, the United Kingdom of Great Britain and Northern Ireland), which was observed between 2004 and 2007.

307. The Department of Economic and Social Affairs has not been able to present a common roster of consultants that divisions could rely upon. In addition, there is no internal candidate selection procedure; therefore, the Department's divisions cannot justify the criteria which presided over the final choice. The divisions do not formally exchange information on consultants in their internal selection procedures. The Department does not express any opinion as to the choice of a consultant when this choice has been backed by a division. Therefore, there is at no stage in the procedure, any check to guarantee the transparency of choices made.

308. **The Board recommends that the Administration ensure that the Department of Economic and Social Affairs:**

(a) **Draws up a formalized procedure for the selection of consultants to be implemented by all divisions;**

(b) **Relies on a roster shared by the entire Department, which contains information from each division and lists the profiles of the consultants the divisions may call upon.**

309. The Administration commented that the Department of Economic and Social Affairs did not need formalized procedures other than those provided for in the existing instructions of the Secretary-General applicable to all departments of the Secretariat. In addition, it indicated that the Office of Human Resources Management was responsible for designing a centralized roster of consultants Secretariat-wide, which was currently in progress.

20. Information technology

310. In late 2006, the Board conducted a review of information and communications technology at Headquarters. When the report was being drawn up, important decisions affecting this issue were being examined, in particular in respect of governance and the information technology policies of the Administration. The proposals made by the Secretary-General in his report on an information and communications strategy for the United Nations Secretariat (A/62/793 and Corr.1) follow on from the decision to appoint a Chief Information Technology Officer for the Secretariat, who took up his post in September 2007. The proposals are aimed at harmonizing and centralizing the management of information and communications technology functions within the Administration. While some of the Board's findings have begun to be dealt with in the context of the Secretary-General's proposals, the Board has nevertheless chosen to make known its findings and to make recommendations to ascertain that the gaps encountered will be fully taken into account within the framework of the reforms undertaken.

Information system documentation

311. As the information and communications technology activities of the United Nations have been decentralized for many years, the development of applications and, to some degree, operational and support activities are the responsibility of departments other than the Information Technology Services Division. The empowerment of user departments may have benefits, particularly in accountability and flexibility to meet specific requirements. However, this fragmentation also carries the risks of duplication of resources and of concurrent development of non-compatible applications and data formats.

312. In particular, the fragmentation of development activities has resulted in a lack of an organization-wide data dictionary — a detailed description of how information is encoded in digital format to provide a comprehensive set of data standards — other than that used for IMIS.

313. The Board found that there were no standards for applications quality assurance, for development tools or for documentation, particularly when this work was done by consultants. Such documentation is reviewed when the Information Technology Services Division hosts department applications.

314. The Division implemented the e-Assets system (see ST/AI/2005/10), a database with an inventory of systems as reported by user departments. The database did not provide complete information, as there were no details of data exchanges with other systems, the technical platform on which the system was developed, its technical condition (robustness and quality of documentation) and any plans for the system (enhancement, replacement, withdrawal). Thus, at the time of the audit, the United Nations did not have any document that described its overall systems architecture.

315. As for IMIS, there was no overall systems architecture that would have provided a comprehensive list of all the processes and systems that upload data into the system, including a description of the interface (direct online, file transfer, upload through an intermediate system, manual) or the platform on which those systems run. Best practices for portfolio management (such as those advocated in the Val IT framework of the IT Governance Institute) require documentation to include all systems to enable rationalization of data, increase consistency and ensure that the meaning of data is fully understood by all users. Such descriptions should include information on the owners of those interfaces, the technical characteristics of the interfaces and descriptions of the manual and automated controls associated with them. These requirements are especially necessary in the context of the enterprise resource planning project.

316. **The Board recommends that the Administration document the entire architecture of systems and data that it uses to indicate all interfaces and exchanges of data between systems, their nature and the documents on all associated controls.**

Management of critical activities

317. The fragmentation of the development and maintenance of applications within a context of a limited capacity to create posts and difficulties in hiring experienced staff has meant that in certain applications (for example those linked to the Treasury), activities relating to information technology and communication

operations and data entry are carried out by a person who was also in a position to modify those systems and manage access rights. If information technology and communication resources were consolidated, the participating departments could share the cost of developing and maintaining applications. The size of information technology teams would be sufficient to allow an adequate separation of responsibilities.

318. The Administration was aware of this situation, identified in the strategic analysis report on the programme planning, budget and accounting office issued in 2006 by an external consultant, as well as in the Board's previous report (A/61/5 (Vol. I), paras. 259-263).

319. **The Board recommends that the Administration:**

(a) **Take a cost-effective approach to the development and maintenance of its information technology applications;**

(b) **Allow an appropriate segregation of duties related to information technology functions.**

High-level business case

320. The Information Technology Services Division introduced a high-level business case methodology for all significant investments in information and communications technology. An examination of a sample of business cases indicated, however, that the detail provided may not have been sufficient.

321. In the specific case of the high-level business case for a new identity management system put forward by the Division, despite the completeness of the template on which it is based, there was no indication of how the benefits were calculated or how the risks associated for that project were assessed. It would be expected to provide information on both benefits and technical, project and business risks. The Val IT framework of the IT Governance Institute should be considered as a best practice.

322. **The Board recommends that the Administration review its high-level business case methodology with respect to information technology projects to ensure that sufficient information is provided to support decision-making processes.**

Data security

323. Access controls are conducted at two levels. The first level is the assignment of roles-based privileges that define what data can be accessed and what can be done with that data (read only, update, create) on a system-by-system basis. The second level is the provision of identification and authentication mechanisms that ensure that the person accessing the system or data is in fact the person intended to do so.

324. Within the Secretariat, there are two different situations concerning the creation and maintenance of access rights. In the first case, for IMIS, the assignment of roles-based system privileges has been documented and is subject to controls at the user department level as well as at the systems management level. The controls are performed by the User Registration Group of the Information Technology Services Division.

325. The same procedures that apply to IMIS access controls are also used for a number of other systems, in particular those layers of the Official Documents System that provide access to restricted documents, the management of rights to use virtual private network connections for remote access to systems and facilities and the allocation of Internet Protocol addresses.

326. A different situation exists with regard to the provision of access to the United Nations network and access to desktop and departmental applications other than IMIS; those are not centralized, and responsibility for that task is delegated to information technology coordinators or technical focal points in the departments.

327. The responsibility for the modification or termination of access rights is not centralized. The Office of Human Resources Management is supposed to notify the User Registration Group, information technology coordinators and technical focal points when staff change responsibilities or leave the Organization. In the absence of controls related to that action, it is likely that there is a risk of divergence between the list of active users and that of the staff with the right to work for the United Nations.

328. **The Board recommends that the Administration carry out regular checks, at least once a year, to identify any information technology active user accounts assigned to staff that have left the United Nations.**

329. With respect to the security of data and the physical security of servers, the Board found that at Headquarters, the two main server rooms have not been configured to house information technology equipment and do not respect basic security standards. The rooms were not initially intended to house servers and are not big enough to host such a large amount of them. The power supply has been inadequate for several years, and the air conditioning system lacks the capacity to cool the equipment. It is highly likely that the problem will be accentuated owing to strong demand for the hosting of new computers and equipment.

330. Access to those rooms is protected by a system of magnetic cards, and visitors must sign a register and be accompanied when moving about in the room, according to procedures. However, the rooms are also used to store material, such as wiring, manuals and peripherals as well as empty cardboard boxes or boxes of equipment. This does not comply with best practices.

331. Staff of the Information Technology Services Division have inadequate knowledge of firefighting equipment and its operation. Sprinklers have been installed in the ceilings of the server rooms, but the pipes connecting them are empty. The risk assessment carried out by the Division refers to the absence of firefighting systems. Although the use of halon gas is now prohibited, it does not appear that a replacement has been designated.

332. **The Board recommends that the Administration ensure that the firefighting system in server rooms is functional and that the staff responsible for it have the sufficient skills to operate it.**

333. **The Board also recommends that the Administration urgently remove from server rooms equipment and material that pose a fire hazard.**

21. Internal audit

334. As required by the International Standards on Auditing, in particular Standard 610, the Board reviewed the internal audit function of the Organization. The Board carried out an overall audit of the services and sections of the Internal Audit Division of OIOS at Headquarters.

335. The Board did note that significant progress had been made in the operation and organization of the Internal Audit Division. It particularly noted that the reorganization of the Division had made it more effective. The creation of a professional practices section had improved the harmonization and the quality of the methods used, and the audit manual had been entirely revamped and the procedures updated. Finally and most importantly, the Internal Audit Division had decided to develop a risk-based methodological framework. As a result of that framework, the Division had carried out an analysis of the risks involved in the Secretariat's operation in 2007 on the basis of which an audit programme was put in place starting in 2008. That significant progress enabled the Division to better align itself with international internal audit standards and best practices.

336. However, the Board noted areas for improvement in the management of the Internal Audit Division.

337. The first was related to the fact that Division's risk-based approach is still incomplete. The Board noted that many of the old sources used to determine or change the Division's programme (proposals by the Division itself and requests by the audited entities, among others) were still being used, whereas a risk-based approach required that the overriding reason for changing the programme was the result of a revision of the risk hierarchy. In addition, the methodological framework applied by the Division did not yet make a sufficient connection between the risk analysis (at the macro level) and the internal control procedures (at the micro level). As specified by international internal audit standards, the results of the risk analysis must be used to evaluate the pertinence and effectiveness of the internal control procedures. Also, the risk-based approach should extend to how the recommendations are ranked, classed and followed up. The typology and ranking criteria used for risk analysis should also apply to the formulation and follow-up of the recommendations made.

338. **The Board recommends that the Secretary-General ensure that the Internal Audit Division of the Office of Internal Oversight Services further develops its risk-based approach with respect to the management of its work programme, the connection between the risk analysis and internal controls, and the follow-up procedures for the recommendations made.**

339. The second area of improvement involved the management of the audit process. The Board noted that the actual completion rate of the planned missions for all of the Division's units was fairly low in both 2006 and 2007; fewer than half of the missions planned for those two years had actually been carried out. The Board found that this was due to both the magnitude of the programme and to the management of the audit process. On the last point, the Board noted that the management and supervision of the internal auditors' work could have been improved given the fact that the time sheet system was not adequately applied and that, overall, the follow-up of the planned working days was not entirely reliable. The Board also noted that there were numerous delays in performing the planned

work and that those delays mainly concerned the review of the supervisor's draft report, the response of the audited entity and the finalization of the report.

340. **The Board recommends that the Secretary-General ensure that the Internal Audit Division of the Office of Internal Oversight Services improves the overall management of the audit process, in particular the follow-up of the auditors' working days, in order to improve the completion rate of its programme.**

341. Internal audit findings have been used by the Board during its audits of the various entities comprising the Secretariat.

22. Archives management

342. Having analysed file management as a major risk factor with respect to the Secretariat's activities, the Board examined file management within different units, and in particular at Geneva. The United Nations Office at Geneva has archives and files, some of which are unique, documenting the institutional memory of the United Nations, the League of Nations and humankind's efforts to promote peace and peaceful relations among peoples. The Library at the United Nations Office at Geneva has 11 km of archives, 3 of which include League of Nations documents and peace movements prior to its creation, and 45 km of United Nations documents and publications, official documents of Member States and periodical and other publications.

343. The rarest and most sensitive archives are currently stored in the most secure locations. However, the storage conditions do not comply with current best practices, for example a temperature of 18° C and 50 per cent maximum relative humidity without abrupt changes, as called for in standard 11799 of the International Organization for Standardization.

344. The other documents are stored in the buildings' basements, which are designed for this purpose but are either too old or do not comply with standards. During the past few years there have been various incidents (for example: a leak during venting of heating system in 2003; a leak in an air-conditioning unit in 2004; and flooding from rain in 2005 and 2006). The last incident, in 2007, damaged 300 metres of files, that is 12 tons of damaged documents. The obsolete water pipes and the single circuit combining rainwater and wastewater caused a flood. The documents were recovered by freezing and then freeze-drying them so that they could be preserved, particularly against mold. The cost was approximately $159,000, paid by the insurance company of the United Nations Office at Geneva. The insurance company requested that the Office take action to minimize the risks and said that it might no longer provide coverage if it did not. The 12 tons of recovered documents are being temporarily stored in several basements and in the League of Nations Museum.

345. The Board was advised that no document had been lost as yet and that all of those that had been flooded were recovered. That was due mainly to action taken in accordance with the recommendations of an archive consultant in 2004, which mobilized the building and technical departments, the security services and the library services to take action. However, the report emphasized that the current premises were unsuitable and that plans should be made to construct a new building to house the archives.

346. In addition to adapting the current premises, it is good practice to store at least some of the archives outside the premises. Given the risks to the Organization's archives and the costs involved (both financial and the time spent to limit or repair the damage), this should be considered.

347. There would appear to be two solutions:

(a) Outsourcing, which would mean handing over the documents, some of which are confidential, to an outside source, which may not be practical and may be only a partial solution. Moreover, that might mean handling the documents elsewhere, which would create logistic problems. However, partial outsourcing might be a possibility, although the cost of that solution would have to be compared with that of putting up a new building, since the cost over 20 years could be almost as much as that of a new building;

(b) Construction of a new building, the expense of which could be shared by other international organizations in Geneva. It could also be looked at within the more general framework of a strategic heritage plan.

348. The issue of classing the archives, particularly those of the League of Nations and the genesis of the United Nations, as part of the world cultural and natural heritage of humanity, should be examined since they have an "exceptional universal value from a historical standpoint" (Convention Concerning the Protection of the World, Cultural and Natural Heritage). That could be done either for the entire Palais des Nations or for the library and its contents.

349. **The Board recommends that the Administration ensure that the United Nations Office at Geneva implements strategies to preserve the Organization's institutional memory, with particular regard to the documents concerning its genesis and its inception.**

23. Inter-agency coordination

350. The United Nations Office at Nairobi represents the Secretary-General and liaises with the permanent missions, the host country and other Governments as well as the intergovernmental and non-governmental organizations in Nairobi. The United Nations Office at Nairobi comprises the Division of Administrative Services, the Information Centre and the Division of Conference Services. The Office provides administrative and financial services as well as other support services to UNEP and UN-Habitat. It administers combined and common services of United Nations agencies with offices in Nairobi and manages the Organization's facilities.

351. For the 2006-2007 biennium, the United Nations Office at Nairobi was endowed with a budget of $1.64 billion, representing the credits of its own departments and those of UNEP, UN-Habitat and OIOS. The total expenses for which it kept the books amounted to $1.29 billion. During the same period, the expenses of the Office's three departments amounted to $141.9 million, which were $115.5 million in the preceding fiscal period, meaning that they increased by 22.8 per cent. At the end of 2007, the staff of the Office amounted to 674, including 122 international staff (Professional category), 4 in the National Officer category and 548 in the General Service category.

352. As at 31 December 2007, accounts receivable of extrabudgetary funds amounted to $2.13 million, a significant increase of 32.4 per cent from the previous

biennium. Those receivables were related mainly to the non-payment for services rendered by the Division of Administrative Services and the Division of Conference Services, more than 28 per cent of which had been outstanding for over a year.

353. In its report of 30 March 2007, OIOS noted that the main reason why the receivables had remained outstanding was the inadequacy, if not the absence, of a legal basis for the contracts under which the United Nations Office at Nairobi had undertaken to provide services to other United Nations agencies. It recommended that the Office stop providing services to United Nations agencies which were not bound by a service contract or had outstanding unpaid invoices for over six months.

354. The only common service agreements were with the Division of Administrative Services. For other services, such as conference services, there were obstacles to putting such agreements in place owing to the numerous agencies concerned and their many offices.

355. As at 31 December 2007, nearly 15 per cent of the receivables of the Division of Conference Services outstanding for less than six months ($95,997) concerned agencies which already had payments in arrears for over six months, amounting to approximately $134,000.

356. **The Board recommends that the Administration ensure that the United Nations Office at Nairobi implements the recommendations of OIOS more rapidly by entering into service agreements with all of the United Nations agencies and making the provision of further services contingent upon a formal promise to settle payments in arrears for over six months.**

357. At present the United Nations Office at Nairobi does not have a Director-General. In principle, under Secretary-General's bulletin ST/SGB/2000/13 and Corr.1, it is the Executive Director of UNEP who should act as the Director-General of the Office. However, during the 2006-2007 biennium, it was the Executive Director of UN-Habitat who served as Director-General. That arrangement did not comply with the above-mentioned bulletin. An amendment thereto is being prepared which specifies that the United Nations Office at Nairobi will be headed by the Executive Director of UNEP or UN-Habitat, in accordance with who has the longest tenure.

358. Although the sharing by several United Nations organizations of the Gigiri compound in Nairobi saves costs and is beneficial to all, it nevertheless created disagreements in cost allocation and savings. The objective of the United Nations Office at Nairobi is to be fairly compensated for the services it renders to the users of the site. The interest of its clients, however, in particular UNEP and UN-Habitat, is to have the services at the lowest possible price.

359. Those conflicting objectives are reflected in the disputes over the invoicing of services among the Office and the two main organizations on the site. Moreover, as UNEP and, to a lesser extent, UN-Habitat become larger, their managements have time constraints and are hence less available to deal with the management issues of the United Nations Office at Nairobi. In this context, the current governance of the Office does not seem to be completely well adapted to the situation.

360. **The Board recommends that the Administration ensure that the United Nations Office at Nairobi maintains its capacity to offer common services to other United Nations entities and obtains fair compensation for them.**

361. The Division for Management of the United Nations Office at Vienna, which is shared with the United Nations Office on Drugs and Crime, provides administrative and financial support to several United Nations offices located in Vienna. The budget of the United Nations Office at Vienna for 2006 and 2007 amounted to $272.4 million.

362. Despite the recommendation made by the Board in its previous report, the list of the funds for which the Office was responsible or for which it had endowments had still not been put in an updated and concise document. In addition, the large number of funds made the accounts of the Office harder to examine. In some cases that was due to the non-use of cost accounting, with the result that resources and expenses could not be allocated by cost centre and, in particular, by programme or project. By the same token, because of the non-use of cost accounting, the calculation and allocation of staff between the United Nations Office at Vienna and the United Nations Office on Drugs and Crime was not done systematically and did not take account of the fact that the two agencies shared some staff.

363. **The Administration agreed with the Board's recommendation that it ensure that the United Nations Office at Vienna maintains updated tables of endowments and income and planned and activated expenses of the funds for which it maintains the books of account.**

364. **The Board also recommends that the Administration envisage that the United Nations Office at Vienna identifies its management costs and their breakdown between it and the United Nations Office on Drugs and Crime.**

24. Write-offs and disposals

365. As provided in financial regulation 6.4 and financial rules 106.8 and 106.9, the Administration provided the Board with details of cash losses, receivables and other assets written off during the biennium ended 31 December 2007.

366. The total amount of write-offs was $1,423,825, down $123,775, or 9 per cent, from the previous biennium. They concerned losses due to accident, theft, damage and destruction. In contrast to the previous biennium, no cases of obsolescence or normal wear and tear of equipment resulted in write-offs.

Table II.7

Assets written off during the 2006-2007 biennium

(In United States dollars)

Organization	*Cash*	*Receivables*	*Property*	*Total*
United Nations Headquarters	—	204 757	—	**204 757**
International Court of Justice	—	—	8 021	**8 021**
Economic and Social Commission for Asia and the Pacific	—	2 536	2 155	**4 691**
United Nations Vienna Office	—	—	203 992	**203 992**
Economic and Social Commission for Western Asia	—	11 653	42 440	**54 093**
United Nations Assistance Mission in Afghanistan	—	3 725	—	**3 725**
United Nations Office at Nairobi	—	22 288	3 461	**25 749**
United Nations Geneva Office	—	29 611	—	**29 611**
Economic Commission for Africa	—	5 995	4 967	**10 962**
Economic Commission for Latin America and the Caribbean	—	1 340	548	**1 888**
United Nations Military Observer Group in India and Pakistan	—	—	17 184	**17 184**
United Nations Information Centres	—	—	8 940	**8 940**
United Nations Assistance Mission in Iraq	—	627	416 637	**417 264**
United Nations Tajikistan Office of Peacebuilding	—	—	2 059	**2 059**
United Nations Office in Timor-Leste	—	—	250 367	**250 367**
United Nations Office in Sierra Leone	—	378	52 414	**52 792**
Office for the Coordination of Humanitarian Affairs	—	—	6 678	**6 678**
Department of Safety and Security	—	—	121 052	**121 052**
Total	—	**282 910**	**1 140 915**	**1 423 825**

25. Ex gratia payments

367. In accordance with financial rule 105, the Administration reported the ex gratia payments made during the biennium for a total amount of $69,817.

368. The Board has no observation to make with respect to the reasons for those payments. However, the Board noted that the reports on ex gratia payments submitted by the Administration did not mention to which account they had been posted.

369. **The Administration agreed with the Board's recommendation that it specify in the statement of ex gratia payments to which account the payments are posted.**

26. Cases of fraud and presumptive fraud

370. In accordance with the Financial Regulations and Rules of the United Nations, the Administration provided the Board with a report of cases of fraud and presumptive fraud for the 2006-2007 biennium. The Administration noted 14 cases of fraud and presumptive fraud for the biennium ended 31 December 2007. The number of cases was double that of the previous biennium (7 cases). The cases of fraud and presumptive fraud were valued at $644,505 for the 2006-2007 biennium.

Table II.8

Summary of the cases of fraud and presumptive fraud for the 2006-2007 biennium

(In United States dollars)

Types of fraud and presumptive fraud	*Number of cases*	*Alleged fraud amount*	*Amount recovered*	*Amount not recovered*
Theft or fraudulent use of the Organization's assets by third parties	4	397 659	—	397 659
Falsification of documents	5	1 242	542	700
Misuse of the Organization's assets by staff	5	245 604	19 367	226 237
Total	**14**	**644 505**	**19 909**	**624 596**

Theft or fraudulent use of the Organization's assets by third parties

371. The Administration identified four cases of theft or fraudulent use of the Organization's assets by third parties:

(a) At the United Nations Office at Geneva, telephone lines were used by third parties working for an enterprise in Italy. The amount of the fraud yet to be recovered was valued at $14,325. The United Nations Office at Geneva immediately proceeded to block the use and access of telephone lines from external sites;

(b) At the same Office, the Administration uncovered the fraudulent configuration in the telecommunication system. An unusually high number of calls were detected on non-assigned lines. The amount of the fraud yet to be recovered was valued at $193,159. The lack of a permanent control and review process of phone calls and logs was identified as the main cause for the belated detection of the fraud. The Office initiated a legal action to recover the amount. In addition, the Office implemented permanent control and review procedures for non-assigned lines;

(c) At the United Nations Military Observer Group in India and Pakistan, a fraud valued at $11,000 was perpetrated by parties external to the Organization for local, national and international calls. The frequent interruption of official calls led to the investigation and detection of the fraud. The Administration changed the configuration of the telecommunication lines but could not recover the amount as the fraud had been performed by unidentified external parties;

(d) At the OHCHR field office in Kinshasa, the theft of cash in the amount of $179,175 was discovered by an employee who noticed that the safe was broken. The Administration immediately informed the Department of Safety and Security, OIOS and the local authorities. The Administration strengthened the control procedures related to the management of cash as well as the security and access measures at that office. However, the Administration could not recover the amount of the theft as the investigation had not yet identified the perpetrators.

Falsification of documents

372. The Administration detected five cases of falsified documentation:

(a) At the United Nations Office at Geneva, an individual who was not part of the Administration forged pay stubs with the United Nations emblem in order to rent an apartment. No financial loss was incurred and the case was transferred to OIOS for additional investigation;

(b) At UNIOSIL, an international employee of the Organization submitted false evidence and forms for the reimbursement of expenses in the amount of $541. The fraud was uncovered before the amount could be disbursed, and the Administration did not renew the contract of the concerned staff member;

(c) In the same office, a similar case of falsified documentation for medical expense reimbursements valued at $700 was uncovered; the case was transferred to the Office of Human Resources Management for disciplinary action;

(d) In the same office, the cost of laundry for the uniforms of staff increased threefold over a short period of time. An investigation was launched to determine the cause but had not yet concluded by the time the report was submitted to the Board;

(e) At Headquarters, a staff member received monetary reimbursement that his or her function did not entitle. The amount was not disclosed by the Administration.

Misuse of the Organization's assets by staff

373. The Administration identified six cases of misuse of the Organization's assets by staff:

(a) At the United Nations Office at Geneva, a staff member used a mobile phone assigned for office use only for personal calls valued at $30,835. The Administration decided to recoup 40 per cent of the employee's salary on a monthly basis and $19,367 has been recovered to date. The Administration transferred the case to the Office of Human Resources Management and strengthened the review of mobile phone usage assigned for office use only;

(b) At the same Office, the Administration detected a case of presumptive fraud when an employee acquired the vehicle of a senior staff member. The Administration received an anonymous call that the employee had continued to benefit from privileges entrusted to the previous owner of the vehicle, which included diplomatic car tags and tax-free gasoline purchases. The Administration noted that the employee had obtained tax-free gasoline valued at about $1,175. The Administration incurred no monetary losses and assigned the case to the Human Resources Management Service;

(c) At the OHCHR office in Uganda, six fake non-governmental organizations received a total grant of $59,220 from the Voluntary Fund for Contemporary Forms of Slavery administered by the United Nations. The Administration initiated discussions between the Office of Legal Affairs and OHCHR in Uganda to determine the best course of action;

(d) At the United Nations Assistance Mission in Iraq, a telecommunication line was misused by a staff member. The Administration has not yet launched the recovery proceeding pending a decision on disciplinary action. The Administration reconfigured the phone lines to prevent a similar occurrence;

(e) At the Office for the Coordination of Humanitarian Affairs field office in Indonesia, an employee embezzled funds valued at $61,783.71 using forged receipts as proof of having made deposits in the office safe. The fraud was made possible owing to the poor supervision of the employee and the geographical spread of United Nations offices in Indonesia. The Administration terminated the contract of the employee and transferred the case to the local court system, through which the employee received a jail sentence of two years. The Administration could not recover the funds. A reorganization of the office management functions was undertaken to enforce segregation of duties among authorization, recording and disbursement of funds.

374. The Board noted that some entities of the Secretariat that had filled in the standard fraud and presumptive fraud reports had not provided sufficient detail for proper analysis.

375. In addition, the Board noted that the cases of fraud and presumptive fraud reported in accordance with the Financial Regulations and Rules of the United Nations were only those transmitted to the Controller upon his request by the various offices of the Secretariat. In addition, the listing of the fraud cases submitted to the Board failed to include the investigations of fraud and misuse of United Nations procurement and purchasing undertaken by OIOS and its Investigations Division.

376. **The Board recommends that the Administration ensure that the standard reports on cases of fraud and presumptive fraud submitted to the Board contain sufficient detail to allow for a proper analysis.**

377. **The Board also recommends that the Administration include in the cases of fraud and presumptive fraud transmitted to the Board those cases detected and investigated by the Investigations Division of OIOS and the Procurement Task Force.**

C. Acknowledgement

378. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Secretary-General of the United Nations, the Directors-General of the United Nations Offices at Geneva, Nairobi and Vienna, the Executive Secretaries of the regional commissions, the United Nations High Commissioner for Human Rights, the Registrar of the International Court of Justice, the Secretary-General of the United Nations Conference on Trade and Development, the Chairman of the Joint Inspection Unit, the Chairman of the Board of Trustees or Director of the research and/or training institutes, the Chairman of the Board of Governors of the United Nations System Staff College, and their officers and members of their staff.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
Chairman, United Nations Board of Auditors
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa

(*Signed*) Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit

30 June 2008

Annex I

Status of implementation of recommendations issued by the Board for the biennium ended 31 December 2005

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
Report of the Board for the 1998-1999 biennium[a]						
1. The Board recommends that the Administration develop and implement, as a matter of priority, a consolidated database to facilitate the preparation of consolidated financial statements and to reduce the reliance on ad hoc reports. The Board also recommends that the Office of Programme Planning, Budget and Accounts ensure that all adjustments made in the preparation of the financial statements are approved and supported by an adequate audit trail.	101	1998-1999		×		
2. The Board recommends that the Office of Programme Planning, Budget and Accounts, in conjunction with the IMIS project team, promptly address the problem of the high rate of rejection of inter-office vouchers to reduce or eliminate the manual encoding into IMIS of inter-office transactions from offices away from Headquarters and to obtain the optimum benefit of automation.	108	1998-1999	×			
Report of the Board for the 2000-2001 biennium[b]						
1. The Board recommended that the Administration review and enhance the capabilities of IMDIS, such as an improved search engine, to make it an effective tool in monitoring and reporting programmes, and the Administration agreed. The Board also recommends that the Administration ensure that programme managers regularly update and review the information on their programme implementation in IMDIS.	169	2000-2001	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
2. The Board recommends that the Administration consider interfacing the Information Centres Service reporting system with IMDIS. Until a cost-effective interface is established, the Board recommends that the Department of Public Information regularly generate consolidated data from its reporting system for 77 United Nations information centres and offices and input that information into IMDIS when preparing the programme performance report at the end of the biennium and that it review the consolidated data after conversion to IMDIS to ensure the accuracy and completeness of reported programme outputs.	173	2000-2001	×			
3. The Board also recommends that the Administration conduct a comprehensive review of IMIS users' satisfaction and expectations with a view to undertaking a coordinated effort to improve the cost-effectiveness of the overall investment in and expenditure on information and communications technology.	178	2000-2001				×
4. The Board recommends that the Administration: (a) set specific standards or performance indicators to serve as guide in evaluating programme performance; and (b) initiate and design a feedback monitoring mechanism to assess and formulate strategies for improving the quality of conference and meeting services. The Administration commented that the Department of General Assembly Affairs and Conference Services was considering instituting a survey of delegations and/or bureaux of committees to address the need for a feedback mechanism.	279	2000-2001	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
5. The Board recommended that the Administration fast-track the establishment of an integrated computerized system that will link the databases of all the divisions, sections and units of the Department of General Assembly Affairs and Conference Services; the Administration agreed with the recommendation.	282	2000-2001		×		
6. The Board recommends that the Administration anticipate and plan for the expansion to a higher-capacity database system so that the number of reports that may be generated is not limited to a small number, taking into consideration the cost of such expansion compared with the system currently used. The Administration informed the Board that the design of the expansion of eDRITS was still in progress.	285	2000-2001	×			
Report of the Board for the 2002-2003 biennium[c]						
1. The Administration agreed with the Board's recommendation that it (a) enforce compliance with the directives on the recovery of travel advances of staff, and (b) enhance existing processes for the payment of salary in order to prevent overpayments.	39	2002-2003	×			
2. The Administration agreed with the Board's recommendations that the Office of Programme Planning, Budget and Accounts, in conjunction with offices away from Headquarters (a) ensure the submission of correct and complete inventory reports in a timely manner, and (b) analyse the non-expendable property still in use but with zero value and, where appropriate, indicate the values based on original records of acquisition or, when such records are not available, based on reasonable estimates.	45	2002-2003	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
3. The Board recommends that the United Nations review the funding mechanism for end-of-service and post-retirement benefit liabilities.	47	2002-2003		×		
4. The Board reiterates its previous recommendation that the Administration take action to review those trust funds whose purposes have long been attained in order to identify and close those that are inactive and no longer required.	52	2002-2003		×		
5. The Office for the Coordination of Humanitarian Affairs agreed with the Board's recommendation that it identify inactive project balances and transfer them to active projects, after consultation with respective donors.	54	2002-2003	×			
6. The Board reiterates its recommendation that the United Nations Fund for International Partnerships continue to collaborate with its implementing partners with regard to the timely submission of financial utilization reports.	62	2002-2003	×			
7. The United Nations Fund for International Partnerships agreed with the Board's reiterated recommendation that it enforce compliance with the reporting policy on the submission of final certified and audited financial reports so as to ensure prompt closure of all operationally and financially completed projects in the books. UNFIP also agreed with the Board's recommendation that implementing partners promptly return all unspent funds of completed projects.	67	2002-2003		×		
8. The United Nations Fund for International Partnerships agreed with the Board's recommendation that, in conjunction with its implementing partners, UNFIP address the causes of delays or non-submission of narrative reports on completed projects so as to ensure the availability of such reports in a timely manner.	70	2002-2003		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
9. The Board recommends that the United Nations adopt and implement a uniform methodology for determining the total cost of information and communications technology with a view to improving the decision-making process on such issues as outsourcing and cost recovery.	89	2002-2003		×		
10. The Board recommends that the United Nations review the delegations of authority, methodology and monitoring for the management of computerized data and information.	95	2002-2003		×		
11. The Board recommends that the Administration establish, as planned, a formal portfolio of information technology assets in line with best information and communications technology industry practices in order to provide a complete view of the information and communications technology initiatives, projects and facilities across all United Nations organizational units.	97	2002-2003		×		
12. The Board recommends that the Administration ascertain that training programmes on the development and implementation of an information and communication strategy are available and coordinated.	99	2002-2003	×			
13. The Board recommends that the Administration continue to take appropriate steps to adopt common standards and best practices, including documenting "lessons learned" exercises.	102	2002-2003	×			
14. The Board reiterates its recommendations that the Administration implement additional automated controls, such as (a) blocking the entry of a General Service to Professional category promotion if the data indicating that the staff member has passed the examination has not been validated; (b) extending full control over duplicates to all key data entries instead of limiting it to the initial entry; (c) rejecting implausible entries or post a warning in such cases; and	144	2002-2003				×

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
(d) displaying on the monitor information on the most recent successful login upon validation of a valid access.						
15. The Administration agreed with the Board's recommendation that it ensure that the Information Technology Services Division of the Office of Central Support Services and the Office of Programme Planning, Budget and Accounts continuously pursue the automation of the consolidation process in order to ensure the integrity and reliability of financial information and to maximize the benefits derived from the technology available.	148	2002-2003	×			
16. The United Nations Office at Geneva agreed with the Board's recommendation that it (a) establish and document the test framework and results for all information and communications technology projects, and (b) acquire a help desk tool as planned.	154	2002-2003		×		
17. The Board recommends that the Administration facilitate the issuance of summary reports in a timely manner.	193	2002-2003	×			
18. The Board recommends that the Administration review its system of allocating resources.	196	2002-2003	×			
19. The Board recommends that Treasury consider the costs and benefits of adopting a comprehensive cash-flow forecasting system, with a view to further enhancing its portfolio performance.	204	2002-2003	×			
20. The Board reiterates its recommendation that the United Nations develop suitable data-processing tools for cash management.	208	2002-2003	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
21. The Board recommends that the United Nations (a) review its treasury operations at offices away from Headquarters, and (b) promptly establish formal guidelines, procedures and investment committees, in liaison with the concerned funds and programmes.	211	2002-2003	×			
22. The Board recommends that the Administration implement the disclosure procedure for investment losses, as provided for in United Nations financial rule 104.16.	214	2002-2003		×		
23. The Administration agreed with the Board's recommendation that it (a) follow up and remind all departments, divisions and offices to submit procurement plans on a timely basis in accordance with the revised format, and (b) stress the importance and benefits of procurement planning and the responsibility for the completeness and reliability of the data submitted.	216	2002-2003	×			
24. The Administration agreed with the Board's recommendation that it define and regulate requisition amendments at the appropriate stage in the procurement process in order to promote greater efficiency.	222	2002-2003		×		
25. The Board recommends that the Administration continue to implement its plan to review the vendor registration programme and initiate a systematic updating of information in order to ensure that relevant and reliable information on the status of registered vendors is maintained.	224	2002-2003	×			
26. The Board recommends that the Economic Commission for Africa request the assistance of the Procurement Division in implementing a code of ethics and the signing of declarations of independence of all staff involved in procurement.	236	2002-2003		×		

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
27. The Economic and Social Commission for Western Asia agreed with the Board's recommendation that it (a) establish a supplier review committee as required by section 5.03 of the Procurement Manual, and (b) review supplier performance prior to the awarding of contracts to vendors, pursuant to section 5.14 of the Procurement Manual.	238	2002-2003		×		
28. The Board recommends that the Administration, under the guidance of the Office of Human Resources Management and with a significant role assigned to the United Nations System Staff College: (a) report on training activities and costs; (b) review management information systems in order to monitor training in a reliable manner; (c) consider sharing a set of similar core indicators across the United Nations common system in order to facilitate benchmarking in terms of deliverables and costs; (d) review whether the present level of funding for training and the results are consistent with the priority placed on staff development; (e) define or update and disseminate clear training policies and guidelines where this has not been achieved, in line with the organizational learning framework endorsed by the Human Resources Network in July 2003; (f) develop rosters of training providers at the appropriate levels (headquarter, regional, country), to be shared among organizations; (g) develop more formally inter-agency sharing of training knowledge and materials; and (h) improve the evaluation of the results achieved through training so as to ascertain its impact on the efficiency and effectiveness of operations.	254	2002-2003		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
29. While recognizing practical difficulties, the Board recommends that the Administration continually assess and monitor strict adherence to the administrative instructions on hiring, remunerating and evaluating the performance of consultants and individual contractors.	256	2002-2003	×			
30. The Board recommends that the Office of Internal Oversight Services (a) continue to ensure that the staff are adequately trained, and (b) continue with its plan of implementing online training. The Board also recommends that the Office ensure that it obtain the required resources to effectively perform ICT audits.	263	2002-2003	×			
31. The Board recommends that the Office of Internal Oversight Services address the causes of delays in reporting its audit results in order to ensure the issuance of reports in a timely manner.	267	2002-2003		×		
32. While recognizing that the Administration has instituted several measures to address the above-mentioned deficiencies, the Board recommends that the Administration continue to introduce improvements in the asset management system.	284	2002-2003	×			
33. The United Nations Interregional Crime and Justice Research Institute agreed with the Board's recommendation that it assess project performance and establish guidelines and indicators accordingly, and reported that it has, since the Board's audit, introduced substantive and financial provisions on external project evaluation in each project it developed.	287	2002-2003		×		
34. The Board reiterates its recommendation that the United Nations Secretariat issue a delegation of authority to the Director of the United Nations Interregional Crime and Justice Research Institute.	290	2002-2003		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
35. The Board recommends that the Administration take appropriate measures to fill vacant posts in a timely manner.	292	2002-2003		×		
36. The Board recommends that the United Nations Research Institute for Social Development consult with United Nations management and other research institutes to find appropriate contractual solutions for multi-year assignments.	306	2002-2003		×		
37. The Board recommends that the United Nations System Staff College (a) further improve its activity reporting system, and (b) fully utilize its income to ensure the achievement of its objectives.	315	2002-2003	×			
38. The Board recommends that the International Civil Service Commission expedite the filling of vacant posts.	334	2002-2003	×			
39. The Board recommends that the Administration (a) implement a comprehensive and well-communicated corruption and fraud-prevention plan in the United Nations system; (b) establish a corruption and fraud-prevention committee that would serve as an effective framework and coordination point for a United Nations system corruption and fraud-prevention mechanism; (c) conduct ethics, corruption and fraud-awareness training sessions and workshops among managers, international and local employees and other stakeholders; (d) develop appropriate resolution mechanisms for reported and detected incidents and allegations of corruption and fraud; and (e) review the investigation processes at offices away from Headquarters.	349	2002-2003		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
Report of the Board for the 2004-2005 biennium[d]						
1. The Board recommends that the Administration apply the provisions of regulation 4.12 of the Financial Regulations and Rules of the United Nations by crediting the balance of the tax equalization accounts of a Member State against the assessed contributions due from that Member State in the following year.	47	2004-2005	×			
2. The Board recommends that the Administration strengthen its review controls to ensure that, in the preparation of financial statements, the detailed general ledger account balances agree with the totals of the details of corresponding account balances.	54	2004-2005	×			
3. The Administration agreed with the Board's recommendation that the Office of Programme Planning, Budget and Accounts, in consultation with the Information Technology and Services Division, monitor closely the enhancements of the new computerized tax system.	64	2004-2005	×			
4. The Board recommends that the United Nations disclose the Central Emergency Response Fund as comprising both a loan and a grant facility, in compliance with General Assembly resolution 60/124 of 15 December 2005.	68	2004-2005	×			
5. The Administration agreed with the Board's recommendation that it strengthen its review on the grouping of accounts in the financial statements and consider revising the template provided to offices away from Headquarters on the presentation of accounts as regards refunds to donors.	72	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
6. The Board recommends that the Administration continue to exert more efforts in regard to the submission by the traveller of the travel expense claim form in a timely manner and in trying to recover long-outstanding amounts from former staff.	76	2004-2005	×			
7. The Administration agreed with the Board's recommendation that it harmonize the IMIS application procedures and the provisions of administrative instruction ST/AI/2000/20 on the granting of travel advances and the submission of travel expense claims.	80	2004-2005	×			
8. The Administration agreed with the Board's recommendation that it strengthen its controls in certifying and approving payments on travel advances pertaining to the daily subsistence allowance, and ensure that the functionality in IMIS include controls that reject two separate travel vouchers with the same payee and claim description.	85	2004-2005		×		
9. The Board recommends that the Office for the Coordination of Humanitarian Affairs ensure that, as far as possible, expenditure is recorded in the correct financial period.	88	2004-2005	×			
10. The Board recommends that the Administration develop a system to record the actual expenditure associated with servicing reimbursable meetings and conferences serviced by the Department for General Assembly and Conference Management.	92	2004-2005				×
11. The Administration agreed with the Board's recommendation that the United Nations Office at Vienna record all obligations covering multi-year contracts as deferred charges.	96	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
12. The Administration agreed with the Board's recommendation that unliquidated obligations in technical cooperation activities be monitored on a continuing basis and the obligations fully liquidated upon closure of the 2006 accounts.	100	2004-2005		×		
13. The Board recommends that the Office for the Coordination of Humanitarian Affairs liaise with the United Nations Office at Geneva to process urgently the supporting documentation for pending unliquidated obligations and record them as disbursements, as appropriate.	105	2004-2005	×			
14. The Administration agreed with the Board's recommendation that it continue to clear long-outstanding United Nations Headquarters and UNDP-related accounts and transactions, in coordination with the offices concerned.	113	2004-2005	×			
15. The Administration agreed with the Board's recommendation that the Office of Programme Planning, Budget and Accounts, in coordination with the Facilities Management Services, improve the recording and maintenance of property records to ensure fair valuation of non-expendable property in the notes to financial statements.	117	2004-2005		×		
16. The Administration agreed with the Board's recommendation that it ensure strict adherence to the provisions of administrative instruction ST/AI/2003/5 when carrying out physical inventories.	119	2004-2005		×		
17. The Board recommends that the United Nations Office at Geneva submit accurate, comprehensive and reconciled inventory reports and revise note 11 to the financial statements accordingly.	124	2004-2005	×			
18. The Board recommends that the United Nations Office at Vienna plan and conduct physical inventories.	127	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
19. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs improve the management and recordkeeping of non-expendable property at its field offices in Indonesia, Sri Lanka and Thailand.	131	2004-2005	×			
20. The Board reiterates its recommendation that the Administration expedite the closure of long inactive trust funds.	142	2004-2005	×			
21. The Office of the United Nations High Commissioner for Human Rights agreed with the Board's recommendation that it utilize the unspent balances of closed trust funds, as agreed with the donors.	144	2004-2005	×			
22. The Board recommends that the Administration perform a thorough review of transactions as at the date of closure of accounts following the end of financial period.	151	2004-2005	×			
23. The Board recommends that responsibility for reporting the revenues and expenditure of the United Nations Crime Prevention and Criminal Justice Fund and its sub-account be transferred to the United Nations Office on Drugs and Crime.	153	2004-2005	×			
24. The Administration agreed with the Board's recommendation that it ensure that the receipt of voluntary funds is approved in compliance with United Nations financial rules.	157	2004-2005	×			
25. The Administration agreed with the Board's recommendation that it revisit its strategy for raising funds to ensure the sustainability of trust fund programmes.	160	2004-2005	×			
26. The United Nations Interregional Crime and Justice Research Institute agreed with the Board's recommendation that it enhance its efforts towards diversification	163	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
of its funding sources, in line with its operational priorities and fund-raising strategy.						
27. The Board recommends that ECE develop a comprehensive fund-raising strategy, together with appropriate tools for its implementation.	167	2004-2005		×		
28. The United Nations Office at Geneva agreed with the Board's recommendation that it establish a fair valuation of the donated clocks, in compliance with the United Nations system accounting standards.	170	2004-2005	×			
29. The United Nations Office in Vienna agreed with the Board's recommendation that it update the financial statements of trust funds to report significant voluntary in kind contributions, in compliance with paragraph 35 of the United Nations system accounting standards.	173	2004-2005	×			
30. The Board recommends that the Office for the Coordination of Humanitarian Affairs review its recording procedure for in kind assistance and disclose all material in kind donations as income, in compliance with the United Nations system accounting standards.	177	2004-2005	×			
31. The Office of the United Nations High Commissioner for Human Rights agreed with the Board's recommendation that it improve its procedures as regards the collection of funds from donors.	180	2004-2005	×			
32. The Office of the United Nations High Commissioner for Human Rights agreed with the Board's recommendation that it monitor its fund-raising in respect of its needs assessment.	183	2004-2005	×			
33. The Administration agreed with the Board's reiterated recommendation that it ensure that substantive offices submit progress reports for ongoing projects and terminal reports for completed projects in a timely manner.	186	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
34. The Office of the United Nations High Commissioner for Human Rights agreed with the Board's recommendation that it request the submission of financial reports in a timely manner.	188	2004-2005	×			
35. The United Nations Fund for International Partnerships agreed with the Board's recommendation that it: (a) continue to enforce strict compliance with the timely submission of financial utilization reports, including sanctions, to ensure that relevant and complete financial information on the progress made in regard to projects is generated for monitoring and reporting to the United Nations Foundation; and (b) consider the direct participation or involvement of the finance staff of implementing partners and/or country offices in addressing the financial reporting requirements of the Fund.	198	2004-2005	×			
36. The United Nations Fund for International Partnerships agreed with the Board's recommendation that it intensify its monitoring of the submission of final, certified financial statements to ensure prompt closure in the books of all operationally and financially completed projects and compliance with the Fund's requirement that implementing partners return all unspent funds of completed projects.	204	2004-2005		×		
37. The Board reiterates its previous recommendation that the United Nations Fund for International Partnerships, in conjunction with its implementing partners, address the causes of delays in the submission, or the non-submission, of narrative reports on completed projects to ensure the availability of the information necessary for monitoring ongoing projects and evaluating new project proposals.	212	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
38. The Board recommends that, under certain conditions and in line with the sunset clause, the United Nations Fund for International Partnerships restrict the flexibility it grants to the implementing partners in the submission of finalized project documents.	216	2004-2005	×			
39. The Administration agreed with the Board's recommendation that it consistently record ex gratia payments to facilitate their review and to reduce the risk of recording inaccurate information under "other expenditure — international procurement".	223	2004-2005	×			
40. The Administration agreed with the Board's recommendation that it establish a written information and communications technology quality plan, based on the Control Objectives for Information and related Technology (COBIT) audit guidelines for planning and organization, and consider customizing the operations in accordance with the standard COBIT quality assurance approach or framework adopted.	232	2004-2005		×		
41. The Board recommends that the Administration conduct a comprehensive analysis of system development requirements prior to the contracting process to avoid the unnecessary costs that contract amendments may entail.	236	2004-2005	×			
42. The Administration agreed with the Board's recommendation that it monitor systematically all of the costs attributable to the new Budget Information System as the basis for its continuing cost evaluation.	247	2004-2005	×			
43. The Administration agreed with the Board's recommendation that it implement adequate logical access security controls.	252	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
44. The Board recommends that the Administration complete all of the remaining automation initiatives, set definite timelines for their collective completion and use in production, and ensure that, in developing the attendant applications, control issues are addressed.	256	2004-2005		×		
45. The Board recommends that the Administration either hire backup staff or devise a way to provide cross-training of United Nations staff in order to ensure business continuity.	263	2004-2005		×		
46. The Board reiterates its recommendation that the United Nations develop suitable data-processing tools for cash management.	270	2004-2005		×		
47. The Board recommends that the International Court of Justice review and strengthen its management of information technology functions and products, in line with international best practice.	275	2004-2005	×			
48. The Administration agreed with the Board's recommendation that it facilitate the preparation of specifications and the implementation of additional automated controls in the Integrated Management Information System.	278	2004-2005				×
49. The Board reiterates its recommendation that the Administration ensure that the Information Technology Services Division and the Office of Programme Planning, Budget and Accounts continuously pursue the automation of the consolidation process in order to ensure the integrity and reliability of financial information and to maximize the benefits derived from the technology available.	281	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
50. The Administration agreed with the Board's recommendation that it implement additional measures to reduce further the self-revision rates and pursue the use of various information technology tools to enhance the quality of translations.	291	2004-2005	×			
51. The Administration agreed with the Board's recommendation that it assist author departments in enhancing the quality of original manuscripts and strictly enforce the guidelines on the length of manuscripts.	300	2004-2005	×			
52. The Administration agreed with the Board's recommendation that it take appropriate action to strengthen the review of verbatim reports in order to reduce the number of corrections.	304	2004-2005	×			
53. The Administration agreed with the Board's recommendation that it address the internal causes of the delay of various jobs in the Publishing Section and the Verbatim Reporting Service.	308	2004-2005	×			
54. The Administration at the United Nations Office at Geneva agreed with the Board's recommendation that it adhere to the reporting requirements and timely evaluation, in line with the provisions of Secretary-General's bulletin ST/SGB/2000/8.	312	2004-2005	×			
55. The Administration agreed with the Board's recommendation that the Department for General Assembly and Conference Management, in consultation with the conference divisions and services at all duty stations, establish a common methodology for client satisfaction surveys so that the results of such surveys can be monitored on a periodic basis.	317	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
56. The Administration agreed with the Board's recommendation that it assess the extent to which conference service facilities are surplus to its requirements and consider developing a strategy to utilize its excess capacity.	323	2004-2005	×			
57. The Administration agreed with the Board's recommendation that it seek the cooperation of users with a view to minimizing cancelled meetings.	326	2004-2005	×			
58. The Administration agreed with the Board's recommendation that the Economic Commission for Africa, in consultation with United Nations Headquarters, reconsider its service charge policy in respect of discounts given.	334	2004-2005	×			
59. The Board recommends that the Economic Commission for Africa finalize and implement the proposed adjustment to its price list for conference rooms and offices and annually revise the prices accordingly.	338	2004-2005	×			
60. The Administration agreed with the Board's recommendation that the Economic Commission for Africa, in coordination with United Nations Headquarters, market the conference centre among Member States and United Nations offices and agencies in order to optimize its utilization. It also agreed with the Board's recommendation that the Commission undertake a feasibility study of the potential usage of the conference centre and present the report to United Nations Headquarters for consideration.	341	2004-2005	×			
61. The Administration agreed with the Board's recommendation that the United Nations Office at Geneva, in coordination with the Department for General Assembly and Conference Management and other conference services, pursue its efforts to develop the use of information technology to increase its productivity.	347	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
62. The Administration agreed with the Board's reiterated recommendation that it facilitate the issuance of summary records in a timely manner.	349	2004-2005	×			
63. The Board encourages the Administration to continue to review its system of allocating resources in the context of subsequent cancellation of programmed outputs.	353	2004-2005	×			
64. The Administration agreed with the Board's recommendation that the Economic Commission for Africa, in consultation with the other regional commissions, United Nations Headquarters and the United Nations Development Group, develop policies and guidelines to foster regional inter-agency coordination among the United Nations agencies. The Board also recommends that the Economic Commission for Africa participate in all United Nations country team meetings, which serve as a platform for sharing information and hence would minimize the risk of duplication of effort.	368	2004-2005		×		
65. The Administration agreed with the Board's recommendation that the Economic Commission for Europe formalize its cooperation and agreements in relation to the distribution of tasks when there is a risk of its activities overlapping with those of other international organizations.	372	2004-2005	×			
66. The Board recommends that the Economic Commission for Europe and the International Road Transport Union review the practical arrangements of the agreement between the two organizations with a view to abiding strictly by the provisions of the TIR Convention.	380	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
67. In the light of the conclusions of the internal audit, the Board recommends that the Economic Commission for Europe reassess the relevance of continuing its agreement with the International Road Transport Union.	384	2004-2005	×			
68. The Administration agreed with the Board's recommendation that it ensure that programme managers observe the timelines for the submission of annual Development Account progress reports so that the benefits of well-timed reports can be realized and, in the formulation and revision of project documents take into consideration the lessons learned in the implementation of previous projects, in line with the guidelines set for Development Account projects.	388	2004-2005	×			
69. The Board encourages the Administration to: (a) continue its efforts to emphasize self-evaluation as a priority; (b) set uniform standards for the conduct of self-evaluation; (c) set timelines and monitor consistently the conduct and prompt submission of self-evaluation reports by subprogramme managers; and (d) conduct training that would enhance the understanding of programme managers of the value and techniques of self-evaluation.	392	2004-2005	×			
70. The Board recommends that the Administration ensure: (a) the submission of workplans by the United Nations information centres in line with administrative instruction ST/AI/2002/3; (b) that the Economic and Social Commission for Asia and the Pacific-Asia and Pacific Centre for Transfer of Technology facilitate programme monitoring; and (c) the workplan of the Office of the Special Representative of the Secretary-General for Children and Armed Conflict contained the specified time frames, resources, performance	397	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
indicators, linkages and quantifiable expected outputs and results to facilitate effective monitoring and evaluation of its accomplishments.						
71. The Office of the United Nations High Commissioner for Human Rights agreed with the Board's recommendation that it prepare workplans with measurable and quantified objectives and report annually on their implementation so that its performance can be measured.	401	2004-2005	×			
72. The Board recommends that, given the staffing of its New York office, the Office of the United Nations High Commissioner for Human Rights continue its efforts to limit travel and related expenses to New York.	405	2004-2005	×			
73. The Administration agreed with the Board's recommendation that it examine the feasibility of combining the two websites of the Economic and Social Commission for Asia and the Pacific-Asia and Pacific Centre for Agricultural Engineering and Machinery because both serve similar purposes.	409	2004-2005	×			
74. The Board recommends that Treasury, in coordination with the Accounts Division and the Contributions Service, consider reducing the number of bank accounts by making greater use of the Operations Processing Integrated Control System.	415	2004-2005		×		
75. The Board reiterates its recommendation that Treasury consider the costs and benefits of adopting a comprehensive cash flow forecasting system, with a view to further enhancing its portfolio performance.	419	2004-2005	×			
76. The Board recommends that Treasury maximize the use of SWIFT for all needed exchanges of financial messages.	423	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
77. The Board recommends that Treasury improve the interfacing of the Integrated Management Information System and the Operations Processing Integrated Control System.	428	2004-2005	×			
78. The Board recommends that Treasury automate, to the extent possible, fund sufficiency check in the Operations Processing Integrated Control System.	431	2004-2005		×		
79. The Board recommends that Treasury improve the functionality in the Operations Processing Integrated Control System that would indicate the optimum amount to sweep in any given day, and apply it to all bank accounts.	435	2004-2005	×			
80. The Board recommends that Treasury automate all matching and reconciliation processes required by cash and investment management and between the Operations Processing Integrated Control System and the Integrated Management Information System.	441	2004-2005		×		
81. The Board recommends that Treasury use fully the capability of the newly installed foreign exchange module in the Operations Processing Integrated Control System.	446	2004-2005		×		
82. The Administration agreed with the Board's recommendation that it improve the reporting capability of the Operations Processing Integrated Control System.	450	2004-2005	×			
83. The Board recommends that Treasury systematically track, account for and report expenses associated with investment pooling in order to ensure that investment decisions are sound.	456	2004-2005	×			
84. The Board recommends that the United Nations Office at Geneva pursue its efforts to manage the investment fund of the United Nations Staff Medical Insurance Society against Sickness and Accident in such a way as to maximize its return.	462	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
85. The United Nations Office at Vienna agreed with the Board's recommendation that it coordinate with United Nations Treasury in the development of a United Nations system-wide treasury manual which would contain a section on local procedures.	465	2004-2005	×			
86. The United Nations Office at Vienna agreed with the Board's recommendation that it participate in the investment pool.	468	2004-2005	×			
87. The United Nations Postal Administration agreed with the Board's recommendation that it maintain: (a) a sub-account for every stockroom code in MegaAccount and periodically reconcile the account balances against the ledger and stock value report; and (b) a stockroom ledger to keep track of the stock movement pending its entry in MegaStamp, as provided for in its procedures manual.	475	2004-2005	×			
88. The Board recommends that the United Nations Postal Administration consider setting up a contingency fund from sales revenue to cover the mailing charges of pre-sold United Nations stamps in the event that customers use the stamps in the future.	477	2004-2005	×			
89. The United Nations Postal Administration agreed with the Board's recommendation that it pursue its plan to initiate a periodic review of accounts receivable so that corrective action can be taken immediately.	481	2004-2005	×			
90. The United Nations Postal Administration agreed with the Board's recommendation that it revisit its policy on the destruction and disposition of off-sale stamps.	484	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
91. The Board recommends that the Administration take appropriate measures to: (a) collect outstanding receivables; (b) enforce its credit policy on the sale of publications with regards to granting additional credit for sales to customers with overdue accounts; and (c) collect receivables from customers of guided tours and radio and visual services as there is no credit policy to support rendering services on account.	490	2004-2005		×		
92. The Administration agreed with the Board's recommendation that it comply with financial rule 103.8 (b) in relation to the formal designation of authority to issue official receipts and handle collections, and consistently apply financial rule 103.8 (c) which states that all moneys received shall be deposited in an official bank account within two business days of receipt.	495	2004-2005	×			
93. The Administration agreed with the Board's recommendation that it enforce strictly General Assembly resolution 39/236 when fees are in arrears for more than three months.	499	2004-2005		×		
94. The Administration agreed with the Board's recommendation that it issue an administrative instruction concerning United Nations Garage operations and correspondingly update the Garage Administration procedures manual.	502	2004-2005		×		
95. The Board reiterates its recommendation that the United Nations Secretariat issue a formal delegation of procurement authority to the United Nations Interregional Crime and Justice Research Institute.	508	2004-2005		×		
96. The Administration agreed with the Board's recommendation that it review and update the distribution of procurement authority at the United Nations Office at Geneva in a timely manner.	512	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
97. The Administration agreed with the Board's recommendation that it develop and implement guidelines for the periodic rotation of staff responsible for procurement activities.	514	2004-2005	×			
98. The Board reiterates its recommendation that the Administration remind all departments, divisions and offices to submit procurement plans, and monitor their submission.	519	2004-2005	×			
99. The Administration agreed with the Board's recommendation that it reinforce the cooperation between the Procurement and Contracts Unit at the United Nations Office at Geneva and the departments it services so as to enable the Unit to implement reliable yearly procurement plans, in compliance with paragraph 7 of General Assembly resolution 52/226 A.	522	2004-2005	×			
100. The Administration agreed with the Board's recommendation and has indicated that revised rules for the Committee on Contracts, which are in line with the United Nations Procurement Manual, are under consideration.	524	2004-2005	×			
101. The Board recommends that the United Nations Office at Geneva address the concerns regarding procurement functions, pertaining to the assessment of vendor performance and the segregation of duties.	526	2004-2005	×			
102. The Administration agreed with the Board's recommendation that it comply with General Assembly resolution 57/279 by increasing procurement opportunities for vendors from developing countries and countries with economies in transition.	529	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
103. The Administration agreed with the Board's recommendation that it ensure that all purchases of goods at the United Nations Office at Geneva are made only after due consideration of the Office's needs.	532	2004-2005	×			
104. The Board recommends that the Administration maximize use of the features of the requisition tracking system in regard to staff movements.	534	2004-2005	×			
105. The Administration agreed with the Board's recommendation that it obtain the necessary financial information from vendors, in conformity with section 7.5 of the United Nations Procurement Manual.	536	2004-2005	×			
106. The Board recommends that the Administration deal only with suppliers duly listed in the roster of vendors to protect the interests of the United Nations, and comply with the provisions of the United Nations Procurement Manual in regard to vendor selection.	540	2004-2005	×			
107. The Administration agreed with the Board's recommendation that it comply with established procedures for the procurement of goods and services.	546	2004-2005	×			
108. The Board recommends that the Administration take into consideration such requirements as price increases, "not to exceed" limits, additional deliverables and delivery schedules, and ensure that vendor performance evaluations are prepared prior to the extension of contracts.	551	2004-2005	×			
109. The Administration agreed with the Board's recommendation that it implement low value procurement principles, in line with the United Nations Procurement Manual and the Financial Regulations and Rules of the United Nations, in order to optimize procurement and staff performance.	557	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
110. The Board recommends that the Economic and Social Commission for Western Asia evaluate the reasons for the delays in the procurement process which result in a lengthy lead time and take corrective action to prevent its recurrence.	561	2004-2005	×			
111. The Board recommends that the Administration periodically review and update the service level agreements of the United Nations Office at Nairobi.	564	2004-2005		×		
112. The Administration agreed with the Board's recommendation that the Economic and Social Commission for Asia and the Pacific formalize a memorandum of agreement on common premises with its tenants.	566	2004-2005	×			
113. The Board recommends that the Administration review its formula for reimbursement in calculating the actual costs of workload, materials and overhead in connection with its provision of administrative services to other United Nations agencies.	570	2004-2005		×		
114. The Board reiterates its recommendation that the United Nations Office at Vienna and the United Nations Interregional Crime and Justice Research Institute conclude a clear and sound agreement in regard to the services rendered by the Office to the Institute and cost computation mechanisms.	574	2004-2005	×			
115. The Board recommends that the Economic Commission for Africa follow up with the concerned agencies and organizations the outstanding rentals for 2004. The Board also recommends that the Economic Commission for Africa include in the memorandums of understanding a clause that specifies the payment terms as well as a penalty clause in respect of late rental payments.	581	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
116. The Board recommends that the Economic Commission for Africa, on an annual basis, attach an addendum signed by both parties to each memorandum of understanding, containing an indication of the specific area size, a description of space rented and the approved rental rate to be charged for the specific period.	584	2004-2005		×		
117. The Board recommends that the Economic Commission for Africa, in consultation with the other United Nations offices and agencies in Ethiopia, explore the possibility of establishing and managing more common services, such as procurement, which could be to the benefit of all.	591	2004-2005	×			
118. The Administration agreed with the Board's recommendation that it revisit its strategies to improve the geographical representation of Member States, which may include the option of conducting national competitive recruitment examinations for mostly unrepresented and underrepresented Member States, and improve its monitoring of the performance of departments and offices in achieving an equitable geographical distribution of staff.	610	2004-2005		×		
119. The United Nations Interregional Crime and Justice Research Institute agreed with the Board's recommendation that it endeavour to achieve a more balanced geographical distribution of its staff members and consultants.	613	2004-2005	×			
120. The Board recommends that the Economic Commission for Europe comply with General Assembly resolutions on the geographical distribution of United Nations staff.	617	2004-2005	×			
121. The Board recommends that the Secretariat of the United Nations Conference on Trade and Development endeavour to achieve a more balanced geographical distribution of its staff members.	621	2004-2005		×		

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
122. The Administration agreed with the Board's recommendation that it continue to take appropriate measures to achieve the goal of gender parity in the Secretariat.	629	2004-2005	×			
123. The Board recommends that the Administration ensure the accuracy and reliability of human resources data in the Integrated Management Information System by coordinating more frequently with executive offices in regard to the corrections or updates to be undertaken.	634	2004-2005				×
124. The Administration agreed with the Board's recommendation that it facilitate action to fill vacant posts at the United Nations Peacebuilding Support Office in Guinea-Bissau and continue its efforts to reduce the recruitment time in regard to vacant posts.	640	2004-2005	×			
125. The Board reiterates its recommendation that the Administration fill vacant posts in a timely manner.	643	2004-2005		×		
126. The Board recommends that ECE, in liaison with the Human Resources Management Service of the United Nations Office at Geneva, review its management of vacancy announcement and recruitment processes to ensure that vacant posts are filled within the established time frame of 120 days.	646	2004-2005	×			
127. The Board recommends that the Economic and Social Commission for Western Asia appoint staff at levels in line with the job requirements and in accordance with the approved staffing table, and expedite the ongoing post classification review to ensure that post levels are aligned with the respective job requirements and staffing needs.	649	2004-2005		×		
128. The United Nations Interregional Crime and Justice Research Institute agreed with the Board's recommendation that it compile a training programme based on needs assessment.	651	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
129. The Administration agreed with the Board's recommendation that it exert more effort in assessing and monitoring strict adherence to the administrative instructions on hiring, remunerating and evaluating the performance of consultants and individual contractors.	653	2004-2005		×		
130. The Board recommends that the Office for the Coordination of Humanitarian Affairs improve its human resources planning to avoid long periods of vacancies in its administrative offices.	657	2004-2005	×			
131. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs deploy adequate administrative and finance staff when setting-up new offices or responding to large-scale emergencies.	659	2004-2005	×			
132. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs develop procedures for the quick deployment of recruited candidates in emergencies.	663	2004-2005	×			
133. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs review its human resources management model, in consultation with other United Nations funds and programmes, to avoid the recurrence of delays and vacancies in its emergency operations.	668	2004-2005	×			
134. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs ensure compliance with the minimum operating safety standards.	670	2004-2005	×			
135. The Board recommends that the Office for the Coordination of Humanitarian Affairs overhaul accounting procedures and systems to reduce the volume of manual processing effort and improve efficiency.	673	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
136. The Board recommends that the Office for the Coordination of Humanitarian Affairs intensify its efforts to develop the Financial Accounting System so that it can be effectively used by its field offices.	675	2004-2005	×			
137. The Board recommends that the Office for the Coordination of Humanitarian Affairs take steps to obtain bank statements for all accounts in Indonesia and Sri Lanka under its control and perform a monthly reconciliation. The Board also recommends that the Office obtain covering approval from the Under-Secretary-General for Management for the bank accounts which were opened without prior approval and formally designate custodians of petty cash in Indonesia and Sri Lanka.	677	2004-2005		×		
138. The Board recommends that the Office for the Coordination of Humanitarian Affairs ensure, as far as possible, strict compliance with the procurement manuals in respect of invitations to bid, the specification of items to be purchased and in reviewing requisitions and placing orders.	681	2004-2005	×			
139. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs implement an improved system for asset and inventory management for its field offices.	685	2004-2005	×			
140. The Board recommends that the Office for the Coordination of Humanitarian Affairs coordinate with participating agencies to ensure consistency in the approach to tracking expenditure related to emergency relief.	691	2004-2005	×			
141. The Board recommends that the Office for the Coordination of Humanitarian Affairs liaise with participating agencies to reconcile the information fed into the Expenditure Tracking	695	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
System and the donor assistance databases to ensure full and accurate reporting of expenditure.						
142. The Board recommends that the Office for the Coordination of Humanitarian Affairs improve coordination among the participating agencies in regard to the timely submission of data for the Expenditure Tracking System.	698	2004-2005	×			
143. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs request a prompt review by the Inter-Agency Standing Committee of the guidelines for contingency planning and emergency preparedness to ensure a timely and adequate response to emergencies.	701	2004-2005	×			
144. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian Affairs streamline the lines of responsibility, accountability and authority for natural disasters and complex emergencies.	706	2004-2005	×			
145. The Board recommends that the Office for the Coordination of Humanitarian Affairs systematically assess the performance of members of United Nations Disaster Assessment and Coordination teams and use that assessment as a basis for sending response teams to a disaster zone.	709	2004-2005	×			
146. The Board recommends that the Office for the Coordination of Humanitarian Affairs take the lead role in ensuring the harmonization of needs assessment methodologies among concerned United Nations agencies in the event of emergencies.	711	2004-2005	×			
147. The Administration agreed with the Board's recommendation that the Office for the Coordination of Humanitarian	719	2004-2005	×			

Recommendation	Paragraph reference	Financial period first made	Fully implemented	Partially implemented	Not implemented	Overtaken by events
Affairs ensure that civilian-military cooperation is enhanced during emergencies.						
148. The Board recommends that the Office for the Coordination of Humanitarian Affairs draw on the Indonesian experience to propose an institutional model for coordination in transitions from disaster relief to recovery.	723	2004-2005	×			
149. The Board recommends that the Office for the Coordination of Humanitarian Affairs develop medium-term shelter solutions whenever it identifies a gap between temporary and permanent needs.	730	2004-2005	×			
150. The Board recommends that the Office for the Coordination of Humanitarian Affairs take the lead role in ensuring effective inter-agency coordination in the provision of emergency assistance.	735	2004-2005	×			
151. The Board recommends that the Office for the Coordination of Humanitarian Affairs liaise more closely with lead agencies to ensure that the assistance provided during emergency situations is of an acceptable standard.	737	2004-2005	×			
152. The Board recommends that the Office for the Coordination of Humanitarian Affairs ensure that a common anti-fraud and anti-corruption strategy is adopted by the various United Nations agencies involved in emergency relief efforts.	739	2004-2005		×		
153. The Board recommends that the Office of Legal Affairs consider developing guidelines for the settlement of cases submitted for arbitration, as well as claims for negotiation, in line with the United Nations Commission on International Trade Law Notes on Organizing Arbitral Proceedings.	746	2004-2005	×			

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
154. The Board recommends that the Office of Legal Affairs exert more effort to achieve its target of one-day processing of actions relating to treaties deposited with the Secretary-General.	753	2004-2005		×		
155. The Board recommends that the Office of Legal Affairs continue its efforts to reduce the time gap between the registration and the publication of treaties.	757	2004-2005		×		
156. The Administration agreed with the Board's recommendation that it implement the basic controls on petty cash fund management.	761	2004-2005	×			
157. The Administration agreed with the Board's recommendation that it improve procurement and contract management at the Office of the Special Coordinator for the Middle East Peace Process to ensure that purchase orders are only issued to a contracting party.	766	2004-2005	×			
158. The Administration agreed with the Board's recommendation that it ensure that services are rendered or deliveries are made in fulfilment of a valid contract.	769	2004-2005	×			
159. The Administration agreed with the Board's recommendation that it indicate all the required information in the procurement plan.	771	2004-2005	×			
160. The Administration agreed with the Board's recommendation that it ensure that adequate and timely conduct of vendor performance evaluation, a requirement for the proper maintenance of the vendor database is made; and that vendors are evaluated and approved prior to their entering into a contract with the United Nations.	775	2004-2005	×			
161. The Administration agreed with the Board's recommendation that it ensure that a formal contract amendment is prepared for review by the local committee on contracts.	778	2004-2005				×

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
162. The Administration agreed with the Board's recommendation that it prepare all liberty mileage usage of mission vehicles in a timely manner and notify the Finance Section, United Nations Truce Supervision Organization for it to effect the necessary reimbursement from the personnel concerned.	782	2004-2005	×			
163. The Administration agreed with the Board's recommendation that it strictly monitor and implement the timely submission of trip tickets.	788	2004-2005	×			
164. The Administration agreed with the Board's reiterated recommendation that it continue to introduce improvements in the asset management system.	791	2004-2005		×		
165. The Board recommends that UNICRI complete the analysis of the fund balance and decide on the allocation of available resources.	798	2004-2005		×		
166. The Board recommends that the United Nations issue revised instructions on the management of trust funds, to facilitate the creation of operating reserves.	800	2004-2005		×		
167. The Administration agreed with the Board's recommendation that the International Research and Training Institute for the Advancement of Women intensify fund-raising activities in the context of improving and sustaining its financial position.	803	2004-2005	×			
168. The Board reiterates its recommendation that UNCTAD comply with the United Nations Staff Regulations and Rules on the scope of tasks entrusted to 200-series staff.	807	2004-2005	×			
169. The Board reiterates its previous recommendation that UNCTAD adopt a comprehensive fund-raising strategy addressing the need for medium- to long-term resources and ensure its consistent and coordinated implementation.	811	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
170. The Board recommends that UNCTAD further develop inter-agency coordination and joint activities, in line with the strategy adopted by its governing body.	814	2004-2005		×		
171. The Administration agreed with the Board's recommendation that it review the current administrative arrangements for the Non-Governmental Liaison Service and reassess their relevance in the light of the mandate and resources of UNCTAD.	818	2004-2005	×			
172. The Board recommends that the International Court of Justice conduct a physical inventory count every two years.	822	2004-2005	×			
173. The Board recommends that the Court comply with United Nations regulations and rules on obligations and procurement, and enter into a formal contract with the National Archives of Netherlands for the restoration and digitization of the archives of the Nuremberg International Military Tribunal.	826	2004-2005	×			
174. The Board recommends that the Court implement the recommendation of the Advisory Committee on Administrative and Budgetary Questions and consider modernizing its proceedings and workflow processes.	828	2004-2005	×			
175. The Board recommends that the International Court of Justice establish rules and criteria for the protection of and access to documents.	830	2004-2005	×			
176. The Administration agreed with the Board's recommendation that the International Civil Service Commission continue to encourage coordinators and staff to cooperate in the conduct of surveys as scheduled; improve the administrative survey tracking system; and undertake field missions in problematic duty stations to verify cost-of-living measurements and other living conditions.	842	2004-2005		×		

Recommendation	*Paragraph reference*	*Financial period first made*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
177. The Administration agreed with the Board's recommendation that the International Civil Service Commission address the factors and constraints affecting the conduct of the surveys, in order to update the daily subsistence allowance rates, in accordance with article 11 (b) of its Statute and Rules of Procedure.	848	2004-2005		x		
Total		**224**	**153**	**65**	**0**	**6**
Share in total		**100.0**	**68.3**	**29.0**	**0.0**	**2.7**

[a] A/55/5 (Vol. I), chap. II

[b] A/57/5 (Vol. I), chap. II, and Corr.1.

[c] A/59/5 (Vol. I), chap. II.

[d] A/61/5 (Vol. I), chap. II.

Annex II

United Nations offices and organizations audited during the biennium 2006-2007[a]

Office	*Location*
United Nations Headquarters	
Department of Political Affairs	New York
Department of Economic and Social Affairs	New York
Department for General Assembly and Conference Management	New York
Department of Public Information	New York
Department of Management	New York
Office for the Coordination of Humanitarian Affairs, Headquarters	New York and Geneva
Office for the Coordination of Humanitarian Affairs/Integrated Regional Information Network	Nairobi
Office of Internal Oversight Services	New York
Office of Legal Affairs	New York
United Nations Fund for International Partnerships	New York
International Civil Service Commission	New York
Capital master plan	New York
United Nations offices away from Headquarters	
United Nations Office at Nairobi	Nairobi
United Nations Office at Vienna	Vienna
United Nations Office at Geneva	Geneva
Regional commissions	
Economic Commission for Europe	Geneva
Economic Commission for Africa	Addis Ababa
Economic Commission for Latin America and the Caribbean	Santiago
Economic and Social Commission for Asia and the Pacific	Bangkok
Other organs	
International Court of Justice	The Hague

Office	*Location*
Office of the United Nations High Commissioner for Human Rights (Headquarters)	Geneva
Office of the United Nations High Commissioner for Human Rights in Burundi	Bujumbura
United Nations Interregional Crime and Justice Research Institute	Turin, Italy
Peacekeeping operations funded by the regular budget, special political missions and other missions	
United Nations Military Observer Group in India and Pakistan	Islamabad
United Nations Truce Supervision Organization	Jerusalem, Israel
United Nations Mission in Nepal	Kathmandu
United Nations Assistance to the Khmer Rouge Trials	Phnom Penh

[a] The accounts of the offices and organizations appear in the combined financial statements (all funds summary) of the United Nations.

Chapter III
Audit opinion

We have audited the accompanying financial statements of the United Nations comprising statements numbered I to XI, schedules numbered 5.1, 5.2, 7.1, 9.1 and 11.1 to 11.5 and the supporting notes, including appendices A and B, for the biennium ended 31 December 2007. The financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations as at 31 December 2007 and the results of its operations and its cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Furthermore, in our opinion, the transactions of the United Nations that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
Chairman, United Nations Board of Auditors
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa

(*Signed*) Reynaldo A. **Villar**
Chairman, Philippine Commission on Audit

30 June 2008

Chapter IV
Certification of the financial statements

31 March 2008

The financial statements of the United Nations for the biennium ended 31 December 2007 have been prepared in accordance with financial rule 106.10. They include all funds except those for peacekeeping operations, the United Nations Compensation Commission, the United Nations escrow account established under the provisions of Security Council resolution 986 (1995), the United Nations escrow accounts established under the provisions of Security Council resolutions 687 (1991), 706 (1991), 778 (1992) and 1284 (1999), the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, which are the subject of separate financial statements.

The summary of significant accounting policies applied in the preparation of the statements is included as notes to the financial statements. The notes provide additional information and clarification of the financial activities undertaken by the Organization during the period covered by the statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations, numbered I to XI are correct.

(*Signed*) Warren **Sach**
Assistant Secretary-General, Controller

Chapter V

Financial statements for the biennium 2006-2007 ended 31 December 2007

Statement I

United Nations all funds summary[a,b]

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	General Fund and related funds (St. V)	Technical cooperation activities (St. VI)	General trust funds (St. VII)	Tax Equalization Fund (St. VIII)	Capital assets and construction in progress (St. IX)	End-of-service and post-retirement benefits (St. X)[c]	Other special funds (St. XI)	All funds eliminations	*Total 2007*	*Total 2005*[d]
Income										
Assessed contributions	4,181,576	-	-	-	506,542	-	-	-	4,688,118	3,665,369
Voluntary contributions	-	260,212	1,801,327	-	-	-	8,042	-	2,069,581	1,236,740
Net revenue-producing activities	6,260	-	-	-	-	-	-	-	6,260	5,829
Funds received under inter-organization arrangements	-	23,850	45,986	-	-	-	179,448	-	249,284	177,318
Allocations from other funds	-	46,506	1,195	-	16,418	-	200,774	(229,885)	35,008	29,126
Income for services rendered	4,337	-	-	-	-	-	229,568	(116,679)	117,226	112,795
Interest income	64,448	22,738	90,771	-	20,276	-	51,922	-	250,155	74,116
Other/miscellaneous income	22,886	1,646	90,844	752,821	4,686	9,015	175,741	(483,577)	574,062	449,185
Total income	**4,279,507**	**354,952**	**2,030,123**	**752,821**	**547,922**	**9,015**	**845,495**	**(830,141)**	**7,989,694**	**5,750,478**
Expenditure										
Total expenditure	**4,146,278**	**312,865**	**1,790,443**	**725,726**	**117,605**	**2,539**	**688,430**	**(939,321)**	**6,844,565**	**5,259,088**
Excess (shortfall) of income over expenditure	133,229	42,087	239,680	27,095	430,317	6,476	157,065	109,180	1,145,129	491,390
Non-budgeted accrued expenses for end-of-service and post-retirement benefits	-	-	-	-	-	(368,309)	-	-	(368,309)	-
Prior period adjustments	(633)	(13)	698	(86)	(574)	(89)	(201)	-	(898)	(4,857)
Net excess (shortfall) of income over expenditure	**132,596**	**42,074**	**240,378**	**27,009**	**429,743**	**(361,922)**	**156,864**	**109,180**	**775,922**	**486,533**
Savings on or cancellation of prior periods' obligations	45,519	-	-	6	2,531	-	3,953	-	52,009	31,274
Transfers (to) from other funds	-	(58)	63,418	-	-	-	(63,660)	-	(300)	(369)
Transfers (to) from other organizations	-	-	(37,516)	-	-	-	-	-	(37,516)	(10,487)
Transfer to construction in progress	-	-	-	-	109,180	-	-	(109,180)	-	-
Refund to donors	-	(3,968)	(7,143)	-	-	-	(1)	-	(11,112)	(44,734)
Other adjustments to reserves and fund balances	-	-	-	(28,671)	-	(1,961,772)	1,533	-	(1,988,910)	(38,903)
Reserves and fund balances, beginning of period	417,992	209,488	738,981	11,973	614,898	10,387	610,781	-	2,614,500	2,191,186
Reserves and fund balances, end of period	**596,107**	**247,536**	**998,118**	**10,317**	**1,156,352**	**(2,313,307)**	**709,470**	**-**	**1,404,593**	**2,614,500**

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[a] See notes 2 and 3.

[b] The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda have been omitted as they are reported in separate sets of financial statements. See also see note 2(j).

[c] Liabilities relating to end-of-service and post-retirement benefits were previously disclosed in the notes but are now reflected in the financial statements. See note 10(a).

[d] Comparative figures have been restated to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

United Nations All Fund's Summary a/ b/

Statement of assets, liabilities and reserves and fund balances as at 31 December 2007

(Thousands of United States dollars)

	General Fund and related funds (St. V)	Technical cooperation activities (St. VI)	General trust funds (St. VII)	Tax Equalization Fund (St. VIII)	Capital assets and construction in progress (St. IX)	End-of-service and post-retirement benefits (St. X) c/	Other special funds (St. XI)	All funds eliminations	Total 2007	Total 2005 d/
Assets										
Cash and term deposits	28,565	2,230	2,351		944	-	38,221	-	72,311	367,862
Short-term investments	-	-	381	-	-	-	5,267	-	5,648 e/	2,675
Long-term investments	-	-	1,741	-	-	-	60,740	-	62,481 e/	48,949
Cash pools f/	665,884	269,853	926,933	-	389,103	-	479,090	-	2,730,863	1,469,293
Assessed contributions receivable from Member States	439,723	-	-	-	127,587	-	6,097	-	573,407	361,126
Voluntary contributions receivable	-		148,165	-	-	-	-	-	148,165	18,728
Inter-fund balances receivable	563,296	166,726	5,096	158,693	98,024	20,005	118,330	(924,316)	205,854 g/	162,370
Other accounts receivable	102,736	28,671	306,184	50,842	20	-	75,121		563,574	542,903
Other assets	107,233	8,105	2,452	10	124,094	-	48,066	-	289,960	79,410
Land and buildings	-	-	-	-	493,081	-	-	-	493,081	437,897
Construction in progress	-	-	-	-	144,135	-	-	-	144,135	90,712
Total assets	**1,907,437**	**475,585**	**1,393,303**	**209,545**	**1,376,988**	**20,005**	**830,932**	**(924,316)**	**5,289,479**	**3,581,925**
Liabilities										
Contributions or payments received in advance	14,722	-	-	-	7,193	-	-		21,915	8,799
Unliquidated obligations	273,543	41,179	226,076	73,257	194,988	-	76,696	-	885,739	529,242
Inter-fund balances payable	893,989	175,298	16,131	-	11,473	-	4,502	(924,316)	177,076 g/	140,697
Other accounts payable	128,536	11,504	5,251	125,971	6,982	1,588	35,546	-	315,378	275,658
Other liabilities	541	68	147,727	-	-	-	4,718	-	153,054	13,029
End-of-service and post-retirement liabilities	-	-	-	-	-	2,331,724	-	-	2,331,724	-
Total liabilities	**1,311,330**	**228,049**	**395,185**	**199,228**	**220,636**	**2,333,312**	**121,462**	**(924,316)**	**3,884,886**	**967,425**
Reserves and fund balances										
Operating reserves	-	-	28,438	-	-	-	94,996	-	123,434	116,069
Reserves for allocations	-	-	105,134	-	-	-	-	-	105,134	103,856
Balances related to projects funded by donors	-	247,536	-	-	-	-	-	-	247,536	209,488
Working capital funds	150,000	-	-	-	45,000	-	-	-	195,000	100,000
Capital funds relating to land and buildings	-	-	-	-	472,859	-	-	-	472,859	417,675
Authorized retained surplus	68,356	-	-	-	-	-	-	-	68,356	68,356
Fund principal from contributions	48,728	-	4,050	-	20,222	-	-	-	73,000	122,482
Cumulative surplus	329,023	-	860,496	10,317	618,271	-	614,474	-	2,432,581	1,476,574
Cumulative (deficit) - end-of-service and post-retirement benefits	-	-	-	-	-	(2,313,307)	-	-	(2,313,307)	-
Total reserves and fund balances	**596,107**	**247,536**	**998,118**	**10,317**	**1,156,352**	**(2,313,307)**	**709,470**	-	**1,404,593**	**2,614,500**
Total liabilities and reserves and fund balances	**1,907,437**	**475,585**	**1,393,303**	**209,545**	**1,376,988**	**20,005**	**830,932**	**(924,316)**	**5,289,479**	**3,581,925**

a/ See notes 2 and 3.

b/ The peacekeeping accounts, the United Nations Iraq escrow accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda have been omitted as they are reported in separate sets of financial statements. Also see note 2(j).

c/ Liabilities relating to end-of-service and post-retirement benefits were previously disclosed in the notes, but are now reflected in the financial statements. See note 10(a).

d/ Comparative figures have been restated to conform to current presentation.

e/ Represents investments in bonds, treasury bills and commercial papers.

f/ See note 2m(iii).

g/ Includes interfund loans and balances relating to peacekeeping activities, the United Nations Iraq escrow accounts, the United Nations Compensation Commission and the International Tribunals for the Former Yugoslavia and Rwanda which have not been eliminated.

The accompanying notes are an integral part of the financial statements.

Statement III

United Nations All Funds Summary a/ b/

Statement of cash flows for the biennium 2006-2007 ending 31 December 2007

(Thousands of United States dollars)

	General Fund and related funds (St. V)	Technical cooperation activities (St. VI)	General trust funds (St. VII)	Tax Equalization Fund (St. VIII)	Capital assets and construction in progress (St. IX)	End-of-service and post-retirement benefits (St. X) c/	Other special funds (St. XI)	All funds eliminations	Total 2007	Total 2005 d/
Cash flows from operating activities										
Net excess (shortfall) of income over expenditure (Statement I)	132,596	42,074	240,378	27,009	429,743	(361,922)	156,864	109,180	775,922	486,533
(Increase) decrease in contributions receivable	(94,894)	-	(129,437)	-	(117,390)	-	3	-	(341,718)	95,863
(Increase) decrease in inter-fund balances receivable	(65,707)	(8,525)	37,363	(35,072)	(25,668)	(8,861)	(61,609)	124,595	(43,484)	152,274
(Increase) decrease in other accounts receivable	(9,693)	18,263	(53,659)	(5,851)	64	-	30,205	-	(20,671)	(131,778)
(Increase) decrease in other assets	(44,791)	448	(1,778)	(10)	(117,632)	-	(46,787)	-	(210,550)	(5,468)
Increase (decrease) in contributions or payments received in advance	11,644	-	-	-	1,495	-	(23)	-	13,116	1,992
Increase (decrease) in unliquidated obligations	64,058	(1,234)	55,156	13,920	169,125	-	55,472	-	356,497	160,621
Increase (decrease) in inter-fund balances payable	187,548	22,545	(13,711)	-	9,604	-	(45,012)	(124,595)	36,379	(116,963)
Increase (decrease) in other accounts payable	(1,574)	(5,087)	(1,943)	28,669	2,573	831	16,251	-	39,720	61,074
Increase (decrease) in other liabilities	(444)	(1,518)	137,843	-	-	-	4,144	-	140,025	2,088
Increase (decrease) in end-of-service and post-retirement liabilities	-	-	-	-	-	2,331,724	-	-	2,331,724	-
Less: interest income	(64,448)	(22,738)	(90,771)	-	(20,276)	-	(51,922)	-	(250,155)	(74,116)
Net cash flows from operating activities	**114,295**	**44,228**	**179,441**	**28,665**	**331,638**	**1,961,772**	**57,586**	**109,180**	**2,826,805**	**632,120**
Cash flows from investing activities										
(Increase) decrease in short-term investments	-	-	(381)	-	-	-	(2,592)	-	(2,973)	4,485
(Increase) decrease in long-term investments	-	-	441	-	-	-	(13,973)	-	(13,532)	(10,594)
(Increase) decrease in cash pools	(221,657)	(118,589)	(498,807)	-	(354,153)	-	(68,364)	-	(1,261,570)	(514,571)
(Increase) decrease in land and buildings	-	-	-	-	(55,184)	-	-	-	(55,184)	-
(Increase) decrease in construction in progress	-	-	-	-	(53,423)	-	-	-	(53,423)	(67,996)
Plus: interest income	64,448	22,738	90,771	-	20,276	-	51,922	-	250,155	74,116
Net cash flows from investing activities	**(157,209)**	**(95,851)**	**(407,976)**	-	**(442,484)**	-	**(33,007)**	-	**(1,136,527)**	**(514,560)**
Cash flows from financing activities										
Savings on or cancellation of prior periods' obligations	45,519	-	-	6	2,531		3,953	-	52,009	31,274
Transfers (to) from other funds	-	(58)	63,418	-	-	-	(63,660)	-	(300)	(369)
Transfers (to) from other organizations	-	-	(37,516)	-	-	-	-	-	(37,516)	(10,487)
Transfer to construction in progress	-	-	-	-	109,180	-	-	(109,180)	-	-
Refunds to donors	-	(3,968)	(7,143)	-	-	-	(1)	-	(11,112)	(44,734)
Other adjustments to reserves and fund balances	-	-	-	(28,671)	-	(1,961,772)	1,533	-	(1,988,910)	(38,903)
Net cash flows from financing activities	**45,519**	**(4,026)**	**18,759**	**(28,665)**	**111,711**	**(1,961,772)**	**(58,175)**	**(109,180)**	**(1,985,829)**	**(63,219)**
Net increase (decrease) in cash and term deposits	**2,605**	**(55,649)**	**(209,776)**	-	**865**	-	**(33,596)**	-	**(295,551)**	**54,341**
Cash and term deposits, beginning of period	25,960	57,879	212,127	-	79	-	71,817	-	367,862	313,521
Cash and term deposits, end of period	**28,565**	**2,230**	**2,351**	-	**944**	-	**38,221**	-	**72,311**	**367,862**

a/ See note 3.

b/ The peacekeeping accounts, the United Nations Iraq Escrow Accounts and accounts for the United Nations Compensation Commission and the International Tribunals for the former Yugoslavia and Rwanda have been omitted as they are reported in separate sets of financial statements. Also see note 2(j).

c/ Liabilities relating to end-of-service and post-retirement benefits were previously disclosed in the notes, but are now reflected in the financial statements. See note 10(a).

d/ Comparative figures have been restated to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

United Nations General Fund

Appropriations for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Appropriations	*Expenditures*			
Appropriation part and section	*Resolution 62/235 a/*	*Disbursements*	*Unliquidated obligations*	*Total expenditures*	*Unencumbered Balance*
Part I. Overall policymaking, direction and coordination					
01 Overall policymaking, direction and coordination	78,593	71,871	5,432	77,303	1,290
02 General Assembly affairs and conference services	587,087	569,497	12,208	581,705	5,382
Total	**665,680**	**641,368**	**17,640**	**659,008**	**6,672**
Part II. Political affairs					
03 Political affairs	724,055	649,543	59,583	709,126	14,929
04 Disarmament	19,854	19,676	178	19,854	-
05 Peacekeeping operations	91,356	86,897	4,008	90,905	451
06 Peaceful uses of outer space	6,522	6,239	152	6,391	131
Total	**841,787**	**762,355**	**63,921**	**826,276**	**15,511**
Part III. International justice and law					
07 International Court of Justice	38,858	37,592	656	38,248	610
08 Legal affairs	42,817	41,140	1,677	42,817	-
Total	**81,675**	**78,732**	**2,333**	**81,065**	**610**
Part IV. International cooperation for development					
09 Economic and social affairs	152,592	150,432	983	151,415	1,177
10 Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries, and Small Island Developing States	4,810	4,721	13	4,734	76
11 United Nations support for the New Partnership for Africa's Development	8,844	8,420	220	8,640	204
12 Trade and development	113,760	111,534	1,192	112,726	1,034
13 International Trade Centre UNCTAD/WTO	27,533	27,533	-	27,533	-
14 Environment	13,165	13,074	91	13,165	-
15 Human settlements	19,573	19,253	312	19,565	8
16 International drug control, crime prevention and criminal justice	34,457	32,717	1,344	34,061	396
Total	**374,734**	**367,684**	**4,155**	**371,839**	**2,895**

Statement IV
(continued)

United Nations General Fund

Appropriations for the biennium ended 31 December 2007
(Thousands of United States dollars)

Appropriation part and section	Appropriations	Expenditures			
	Resolution 62/235 a/	Disbursements	Unliquidated obligations	Total expenditures	Unencumbered Balance
Part V. Regional cooperation for development					
17 Economic and social development in Africa	102,152	91,293	8,902	100,195	1,957
18 Economic and social development in Asia and the Pacific	80,774	78,548	1,359	79,907	867
19 Economic development in Europe	57,853	56,725	647	57,372	481
20 Economic and social development in Latin America and the Caribbean	95,254	93,569	1,337	94,906	348
21 Economic and social development in Western Asia	58,975	56,321	1,997	58,318	657
22 Regular programme of technical cooperation	47,480	41,741	4,172	45,913	1,567
Total	**442,488**	**418,197**	**18,414**	**436,611**	**5,877**
Part VI. Human rights and humanitarian affairs					
23 Human rights	81,528	74,641	3,317	77,958	3,570
24 Protection of and assistance to refugees	68,502	68,502	-	68,502	-
25 Palestine refugees	38,773	38,773	-	38,773	-
26 Humanitarian assistance	26,678	25,708	970	26,678	-
Total	**215,481**	**207,624**	**4,287**	**211,911**	**3,570**
Part VII. Public information					
27 Public information	171,326	168,736	2,590	171,326	-
Total	**171,326**	**168,736**	**2,590**	**171,326**	**-**
Part VIII. Common support services					
28A Office of the Under-Secretary-General for Management	20,929	18,837	2,077	20,914	15
28B Office of Programme Planning, Budget and Accounts	31,069	30,328	92	30,420	649
28C Office of Human Resources Management	69,526	66,467	2,587	69,054	472
28D Office of Central Support Services	245,721	229,985	14,614	244,599	1,122
28E Administration, Geneva	106,844	99,652	6,441	106,093	751
28F Administration, Vienna	36,318	34,557	1,670	36,227	91
28G Administration, Nairobi	23,109	22,265	801	23,066	43
Total	**533,516**	**502,091**	**28,282**	**530,373**	**3,143**

Statement IV
(concluded)

United Nations General Fund

Appropriations for the biennium ended 31 December 2007
(Thousands of United States dollars)

Appropriation part and section	Appropriations	Expenditures			
	Resolution 62/235 a/	Disbursements	Unliquidated obligations	Total expenditures	Unencumbered Balance
Part IX. Internal oversight					
29 Internal oversight	29,803	28,338	1,283	29,621	182
Total	**29,803**	**28,338**	**1,283**	**29,621**	**182**
Part X. Jointly financed administrative activities and special expenses					
30 Jointly financed administrative activities	9,482	9,174	-	9,174	308
31 Special expenses	93,651	93,392	259	93,651	-
Total	**103,133**	**102,566**	**259**	**102,825**	**308**
Part XI. Capital expenditures					
32 Construction, alteration, improvement and major maintenance	104,160	63,460	34,663	98,123	6,037
Total	**104,160**	**63,460**	**34,663**	**98,123**	**6,037**
Part XII. Security and safety					
33 Security and safety	172,375	166,615	3,071	169,686	2,689
Total	**172,375**	**166,615**	**3,071**	**169,686**	**2,689**
Part XIII. Development account					
34 Development account	21,552	21,552	-	21,552	-
Total	**21,552**	**21,552**	-	**21,552**	-
Part XIV. Staff assessment					
35 Staff assessment	436,062	436,062	-	436,062	-
Total	**436,062**	**436,062**	-	**436,062**	-
Grand total	**4,193,772**	**3,965,380**	**180,898**	**4,146,278**	**47,494**

a/ Incorporates amounts transferred between sections of the budget with the concurrence of the Advisory Committee on Administrative and Budgetary Questions.

Statement V

United Nations General Fund and related funds[a]
Income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2007

(Thousands of United States dollars)

	United Nations General Fund[b]	*Working Capital Fund*	*Special Account*	*Total 2007*	*Total 2005*[c]
Income					
Assessed contributions	4 166 508[d]	15 068[e]	—	4 181 576	3 647 567
Net revenue-producing activities	6 260[f]	—	—	6 260	5 829
Income for services rendered	4 337	—	—	4 337	6 479
Interest income	42 540	—	21 908	64 448	16 134
Other/miscellaneous income	22 845[g]	—	41	22 886	22 163
Total income	**4 242 490**	**15 068**	**21 949**	**4 279 507**	**3 698 172**
Expenditure					
Staff and other personnel costs	3 094 017	—	—	3 094 017	2 697 712
Travel	92 599	—	—	92 599	74 751
Contractual services	155 259	—	—	155 259	97 565
Operating expenses	391 915	—	—	391 915	318 652
Acquisitions	218 841	—	—	218 841	227 570
Other	193 647	—	—	193 647	195 966
Total expenditure	**4 146 278**	**—**	**—**	**4 146 278**	**3 612 216**
Excess (shortfall) of income over expenditure	**96 212**	**15 068**	**21 949**	**133 229**	**85 956**
Prior period adjustments	(633)	—	—	(633)	(4 599)
Net excess (shortfall) of income over expenditure	**95 579**	**15 068**	**21 949**	**132 596**	**81 357**
Savings on or cancellation of prior periods' obligations	45 519	—	—	45 519	21 596
Credits (to) from Member States[h]	(34 932)	34 932	—	—	—
Other adjustments to reserves and fund balances	—	—	—	—	(1 275)
Reserves and fund balances, beginning of period	103 288	100 000	214 704	417 992	316 314
Reserves and fund balances, end of period	**209 454**	**150 000**	**236 653**	**596 107**	**417 992**

United Nations General Fund and related funds[a]
Assets, liabilities, reserves and fund balances as at 31 December 2007

(Thousands of United States dollars)

	United Nations General Fund[b]	*Working Capital Fund*	*Special Account*	*Total 2007*	*Total 2005*[c]
Assets					
Cash and term deposits[i]	28 565	—	—	28 565	25 960
Cash pool[j]	432 541	—	233 343	665 884	444 227
Assessed contributions receivable from Member States[d]	439 717	6	—	439 723	344 829
Inter-fund balances receivable	413 276	150 020	—	563 296	497 589
Other accounts receivable	82 771	—	—	82 771	73 078
Deferred charges[k]	104 614	—	—	104 614	59 387
Inter-office transactions pending processing	2 619	—	—	2 619	3 055
Special account for assessed contributions unpaid pursuant to resolution 3049 C (XXVII)	16 637	—	—	16 637	16 637
Due from the Special Account of the United Nations Emergency Force (1956)	—	—	1 932	1 932	1 932
Due from the Ad Hoc Account for the United Nations Operation in the Congo	—	—	1 396	1 396	1 396
Total assets	**1 520 740**	**150 026**	**236 671**	**1 907 437**	**1 468 090**
Liabilities					
Contributions or payments received in advance	14 722	—	—	14 722	3 078
Unliquidated obligations — current period	182 122	—	—	182 122	161 577
Unliquidated obligations — future periods	91 421	—	—	91 421	47 908
Inter-fund balances payable	893 970	—	18	893 988	706 440
Inter-office transactions pending processing	387	—	—	387	479
Other accounts payable	128 510	26[l]	—	128 536	130 110
Deferred Income	154	—	—	154	506
Total liabilities	**1 311 286**	**26**[l]	**18**	**1 311 330**	**1 050 098**
Reserves and fund balances					
Working capital funds[m]	—	150 000	—	150 000	100 000
Authorized retained surplus	68 356	—	—	68 356	68 356

	United Nations General Fund[b]	Working Capital Fund	Special Account	Total 2007	Total 2005[c]
Fund principal from contributions	—	—	48 728	48 728	48 728
Cumulative surplus (deficit)	141 098	—	187 925 [n]	329 023	200 908
Total reserves and fund balances	**209 454**	**150 000**	**236 653**	**596 107**	**417 992**
Total liabilities, reserves and fund balances	**1 520 740**	**150 026**	**236 671**	**1 907 437**	**1 468 090**

[a] See note 5.

[b] End-of-service and post-retirement liabilities of the United Nations General Fund are shown in statement X under the "Regular budget" columns. The net increase in such accrued liabilities that took place during the biennium 2006-2007 are also shown in statement X under expenditures in a separate line — "Non-budgeted accrued expenses for end-of-service and post-retirement benefits".

[c] Comparative figures have been restated to conform to current presentation.

[d] Includes contributions unpaid irrespective of collectibility. See note 4 for reconciliation of appropriations and assessments.

[e] Represents the increase in the level of Working Capital Fund funded through an assessment on Member States.

[f] See Schedule 5.1.

[g] See Schedule 5.2.

[h] Represents the increase in the level of Working Capital Fund funded by transfer of the surplus of the programme budget of the United Nations General Fund.

[i] Comprises operational cash and term deposits of $31,477,498 offset by overdraft at the same bank of $2,912,707.

[j] Represents share of the United Nations cash pool and comprises cash and term deposits of $236,166,996, short-term investments of $132,575,106 (market value $132,643,659), long-term investments of $293,200,503 (market value $294,097,001) and accrued interest receivable of $3,941,085.

[k] Includes commitments in respect of future periods of $91,420,788.

[l] Advance from former Yugoslavia, disposition of which is pending a General Assembly decision.

[m] The Working Capital Fund increased from $100,000,000 to $150,000,000 effective 1 January 2007 in accordance with General Assembly resolution 60/283.

[n] Net of $3,911,000, appropriated for the United Nations Emergency Force, pursuant to General Assembly resolution 2115 (XX) II.

The accompanying notes are an integral part of the financial statements.

Schedule 5.1

United Nations General Fund
Revenue-producing activities
Income and expenditures for the biennium ended 31 December 2007

(Thousands of United States dollars)

	Sale of United Nations postage stamps [a]	*Sale of publications* [b]	*Services to visitors* [c]	*Statistical products*	*Gift centre*	*News-stand operations*	*Garage operations* [d]	*Catering operations* [e]	*Other commercial operations* [f]	*Total 2007*	*Total 2005*
Income:											
Gross sales	13 106	14 613	9 964	1 212	1 202	200	2 416	2 269	1 257	46 239	45 256
Less: cost of sales	1 124	4 096	—	—	—	—	—	—	—	5 220	5 290
Net income from sales	**11 982**	**10 517**	**9 964**	**1 212**	**1 202**	**200**	**2 416**	**2 269**	**1 257**	**41 019**	**39 966**
Expenditure:											
Staff and other personnel costs	9 000	7 067	8 013	430	—	—	1 161	336	206	26 213	25 316
Travel	103	106	2	168	—	—	—	—	5	384	445
Contractual services	7	908	71	—	—	—	—	—	55	1 041	1 240
Operating expenses	757	1 461	75	155	—	—	214	961	93	3 716	3 821
Acquisitions	26	118	66	27	—	—	—	—	336	573	727
Promotional costs	519	1 227	104	—	—	—	—	—	—	1 850	1 797
Management fees	—	51	—	—	—	—	—	—	—	51	47
Total expenditure	**10 412**	**10 938**	**8 331**	**780**	**—**	**—**	**1 375**	**1297**	**695**	**33 828**	**33 393**
Excess of income over expenditure	**1 570**	**(421)**	**1 633**	**432**	**1 202**	**200**	**1 041**	**972**	**562**	**7 191**	**6 573**
Less salary and common staff costs of Revenue Accounts Unit										(931)	(744)
Net excess of income over expenditure										**6 260**	**5 829**

Budget estimates for the biennium 2006-2007 ended 31 December 2007

(Thousands of United States dollars)

	Sale of United Nations postage stamps [a]	*Sale of publications* [b]	*Services to visitors* [c]	*Statistical products*	*Gift centre*	*News-stand operations*	*Garage operations* [d]	*Catering operations* [e]	*Other commercial operations* [f]	*Total 2007*	*Total 2005*
Revised income estimates	467	(501)	662	352		1 142	1 064	834	513	4 673	6 727
Less: Revenue Accounts Unit										(884)	(737)
Net income estimates										**3 789** [g]	**5 990**

[a] Contingent liability. Stamps sold are included in revenues, but could be presented for use in a future period. During 2007 UNPA put in place further measures that would restrict such usage by bulk mailers, which would reduce the potential liability of the United Nations. Earlier estimates of the Organization's contingent liability were approximately $3.3 million. In view of the measures taken in 2007, at present it is not possible to reasonably quantify the extent of such a contingent liability as at 31 December 2007.

[b] Includes net loss of $677,988 from United Nations Office at Geneva.

[c] Includes net losses of $220,844 from United Nations Office at Geneva and $469,327 from United Nations Office at Vienna.

[d] Includes net incomes of $57,618 from United Nations Office at Geneva and $22,020 from ESCAP.

[e] Includes net income of $50,903 from ESCAP.

[f] Represents net incomes of $90,771 from ESCAP, $404,117 from ECA, and $67,233 from United Nations Office at Vienna.

[g] Represents final net income estimates for the biennium 2006-2007 approved in General Assembly resolution A/62/235 B.

Schedule 5.2

United Nations General Fund

Miscellaneous income for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Final estimates for the biennium 2006-2007 a/	Actual for the biennium 2006-2007	Actual for the biennium 2004-2005
Net income from revenue-producing activities (Schedule 5.1)	3 789	6 260	5 829
Income for services rendered	5 619	4 337	6 479
Interest income	38 813	42 540	9 381
Other/miscellaneous income:			
Income from rental of premises	11 162	11 489	11 181
Sale of used equipment	233	898	549
Refund of prior years' expenditures	3 793	7 317	3 129
Contributions from Non-Member States and New Member States	27	19	15
Television and similar services	50	-	177
Gain on currency fluctuation	-	-	2 691
Other	2 184	3 122	4 391
Subtotal other/miscellaneous income	17 449	22 845	22 133
Total miscellaneous income	**65 670**	**75 982**	**43 822**

a/ Represents amounts approved by General Assembly in resolution 62/235.

Statement VI

Technical cooperation activities a/
Income, expenditure and changes in reserves and fund balances for the biennium ended 31 December 2007
(Thousands of United States dollars)

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UN-Habitat	Total 2007	Total 2005 b/
Income										
Voluntary contributions	121 473	13 991	19 771	11 207	24 668	4 826	64 276	-	260 212	248 173
Funds received under inter-organization arrangements	12 788	374	1 956	1 060	1 104	1 435	5 133	-	23 850	46 150
Allocations from other funds c/	18 796	8 483	4 444	2 859	4 965	4 072	1 851	1 036	46 506	42 864
Interest income	9 861	1 447	3 780	880	1 477	762	4 531	-	22 738	7 133
Other miscellaneous income	234	-	-	137	419	47	809	-	1 646	987
Total income	**163 152**	**24 295**	**29 951**	**16 143**	**32 633**	**11 142**	**76 600**	**1 036**	**354 952**	**345 307**
Expenditure										
Staff and other personnel costs	100 519	13 738	11 835	7 516	18 541	4 895	40 150	929	198 123	180 251
Travel	4 186	2 321	1 625	1 780	2 784	751	9 091	76	22 614	18 505
Contractual services	4 692	2 045	6 183	424	294	709	3 016	-	17 363	14 079
Operating expenses	1 300	320	796	168	942	255	620	22	4 423	5 078
Acquisitions	3 820	227	290	38	100	3 987	1 508	9	9 979	5 870
Other	9 428	5 103	6 307	1 095	3 209	2 231	6 082	-	33 455	29 053
Total project costs	123 945	23 754	27 036	11 021	25 870	12 828	60 467	1 036	285 957	252 836
Programme support costs	11 929	1 969	2 344	1 018	2 142	616	6 890	-	26 908	24 381
Total expenditure	**135 874**	**25 723**	**29 380**	**12 039**	**28 012**	**13 444**	**67 357**	**1 036**	**312 865**	**277 217**
Excess (shortfall) of income over expenditure	**27 278**	**(1 428)**	**571**	**4 104**	**4 621**	**(2 302)**	**9 243**	-	**42 087**	**68 090**
Prior period adjustments	(15)	-	12	-	(5)	(1)	(4)	-	(13)	(123)
Net excess (shortfall) of income over expenditure	**27 263**	**(1 428)**	**583**	**4 104**	**4 616**	**(2 303)**	**9 239**	-	**42 074**	**67 967**
Transfers (to) from other funds	61	(118)	-	-	26	(27)	-	-	(58)	6 210
Refund to donors	(790)	(744)	(449)	-	(384)	(298)	(1 303)	-	(3 968)	(8 585)
Other adjustments to fund balances	-	-	-	-	-	-	-	-	-	652
Reserves and fund balances, beginning of period	97 473	8 566	33 473	7 569	10 233	8 163	44 011	-	209 488	143 244
Reserves and fund balances, end of period	**124 007**	**6 276**	**33 607**	**11 673**	**14 491**	**5 535**	**51 947**	-	**247 536**	**209 488**

Technical cooperation activities a/
Assets, liabilities, reserves and fund balances as at 31 December 2007
(Thousands of United States dollars)

	United Nations	ECA	ESCAP	ECE	ECLAC	ESCWA	UNCTAD	UN-Habitat	Total 2007	Total 2005 b/
Assets										
Cash and term deposits	451	-	946	-	378	-	455	-	2 230	57 879
Offices away from Headquarters cash pools d/	-	11 655	36 416	12 090	16 281	6 932	53 809	-	137 183	67 899
Cash pool e/	132 670	-	-	-	-	-	-	-	132 670	83 365
Inter-fund balances receivable b/	154 380	9 816	503	57	366	918	686	-	166 726	158 201
Receivable from funding sources	2 190	7	974	30	167	-	1 343	-	4 711	26 209
Other accounts receivable	20 294	112	99	15	64	-	3 376	-	23 960	20 725
Deferred charges	7 504	-	173	10	321	-	97	-	8 105	8 553
Total assets	**317 489**	**21 590**	**39 111**	**12 202**	**17 577**	**7 850**	**59 766**	-	**475 585**	**422 831**
Liabilities										
Unliquidated obligations - prior periods	1 354	773	79	-	-	112	29	-	2 347	3 276
Unliquidated obligations - current period	16 381	2 536	4 221	375	1 433	1 718	4 500	-	31 164	32 749
Unliquidated obligations - future periods	7 354	-	-	-	314	-	-	-	7 668	6 388
Inter-fund balances payable b/	160 449	11 655	614	106	91	369	2 014	-	175 298	152 753
Payables due to funding source	6 955	240	-	6	41	59	-	-	7 301	11 683
Other accounts payable	921	110	590	42	1 207	57	1 276	-	4 203	4 908
Other liabilities	68	-	-	-	-	-	-	-	68	1 586
Total liabilities	**193 482**	**15 314**	**5 504**	**529**	**3 086**	**2 315**	**7 819**	-	**228 049**	**213 343**
Reserves and fund balances										
Extrabudgetary funds relating to projects funded by donors	124 007	6 276	33 607	11 673	14 491	5 535	51 947	-	247 536	209 488
Total reserves and fund balances	**124 007**	**6 276**	**33 607**	**11 673**	**14 491**	**5 535**	**51 947**	-	**247 536**	**209 488**
Total liabilities and reserves and fund balances	**317 489**	**21 590**	**39 111**	**12 202**	**17 577**	**7 850**	**59 766**	-	**475 585**	**422 831**

a/ See notes 2 (o) and 6.

b/ Effective 1 January 2006, inter-fund receivable and payable balances are reported gross and not netted within the funds of each office. See note 6(a). Comparative figures have been restated accordingly.

c/ Represents expenditures under section 22, regular programme of technical co-operation of the regular budget, (see statement IV) of $45,912,551, and allocations from general trust funds of $593,954.

d/ Represents share of the United Nations Offices away from Headquarters cash pools and comprises cash and term deposits of $72,146,486, short-term investments of $39,295,906 (market value $39,305,681), long-term investments of $25,182,517 (market value $25,164,314) and accrued interest receivable of $557,986.

e/ Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $47,053,825, short-term investments of $26,414,215 (market value $26,427,873), long-term investments of $58,417,159 (market value $58,595,777) and accrued interest receivable of $785,220.

The accompanying notes are an integral part of the financial statements.

Statement VII

United Nations general trust funds a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Political affairs	International justice and law	Economic and social development	Human Rights and humanitarian affairs	Public information	Common support and miscellaneous	United Nations Fund for International Partnerships (UNFIP) b/	Total 2007	Total 2005 c/
Income									
Voluntary contributions	93,783	10,933	43,382	1,393,339	676	9,162	250,052	1,801,327	983,075
Funds received under inter-organization arrangements	1,285	-	1,418	43,070	213	-	-	45,986	3,219
Allocations from other funds	-	-	1,077	118	-	-	-	1,195	546
Interest income	14,643	1,313	3,405	61,264	840	1,774	7,532	90,771	28,809
Other/miscellaneous income d/	4,871 e/	169	1,383	43,661	2,416	552	37,792	90,844	39,390
Total income	**114,582**	**12,415**	**50,665**	**1,541,452**	**4,145**	**11,488**	**295,376**	**2,030,123**	**1,055,039**
Expenditure									
Staff and other personnel costs	21,915	3,361	23,066	327,348	2,949	4,392	1,731	384,762	274,624
Travel	6,764	797	6,760	44,590	213	1,055	2,739	62,918	47,853
Contractual services	3,411	602	2,061	107,339	531	496	459	114,899	71,428
Operating expenses	3,523	199	1,476	66,956	464	497	65	73,180	43,023
Acquisitions	3,123	269	375	33,783	14	415	48	38,027	42,129
Other	25,617	456	6,991	665,472 f/	-	4	283,085 f/	981,625	356,228
Programme support costs (implementing partners)	409	-	378	47,043	-	2	-	47,832	10,897
Total direct expenditure	64,762	5,684	41,107	1,292,531	4,171	6,861	288,127	1,703,243	846,182
Programme support costs (United Nations)	4,177	598	3,258	77,969	522	431	245 g/	87,200	52,974
Total expenditure	**68,939**	**6,282**	**44,365**	**1,370,500**	**4,693**	**7,292**	**288,372**	**1,790,443**	**899,156**
Excess (shortfall) of income over expenditure	45,643	6,133	6,300	170,952	(548)	4,196	7,004	239,680	155,883
Prior period adjustments	(910) h/	(120)	(36)	1,464 i/	(157)	7	450 j/	698	(63)
Net excess (shortfall) of income over expenditure	**44,733**	**6,013**	**6,264**	**172,416**	**(705)**	**4,203**	**7,454**	**240,378**	**155,820**
Transfers (to) from other funds	(8,178) k/	-	692	70,904 l/	-	-	-	63,418	(7,934)
Transfers (to) from other organizations	(37,253) m/	-	(13)	(22)	-	(228)	-	(37,516)	(10,487)
Refunds to donors	(3,693)	-	(274)	(2,456)	(82)	(638)	-	(7,143)	(36,149)
Reserves and fund balances, beginning of period	157,433 n/	11,318 n/	29,997	505,837 o/	7,503	13,756 o/	13,137	738,981	637,731
Reserves and fund balances, end of period	**153,042**	**17,331**	**36,666**	**746,679**	**6,716**	**17,093**	**20,591**	**998,118**	**738,981**

United Nations General Trust Funds a/

Statement of income and expenditure and changes in reserves and fund balances
for the biennium 2006-2007 ending 31 December 2007
(Thousands of United States dollars)

	Political affairs	International justice and Law	Economic and social development	Human rights and humanitarian affairs	Public information	Common support and miscellaneous	United Nations Fund for International Partnerships (UNFIP) b/	Total 2007	Total 2005 c/
Assets									
Cash and term deposits	709	29	166	924	372	107	44	2,351	212,127
Short-term investments	-	-	-	-	-	381 p/	-	381	-
Long-term investments	-	-	-	-	-	1,741 p/	-	1,741	2,182
Offices away from Headquarters cash pools q/	4,094	130	8,282	292,403	-	8	-	304,917	-
Cash pool r/	139,662	22,890	31,684	389,437	7,235	16,556	14,552	622,016	428,126
Voluntary contributions receivable	10,399	27	424	137,315	-	-	-	148,165	18,728
Inter-fund balances receivable	81	17	75	4,574	-	349	-	5,096	42,459
Other accounts receivable	373	-	134	47,738 s/	-	110	6,162	54,517	59,556
Other assets	37	-	50	2,275	-	90	-	2,452	674
Advances to implementing partners	14,738	-	748	149,033	-	4	87,144	251,667	192,959
Total assets	**170,093**	**23,093**	**41,563**	**1,023,699**	**7,607**	**19,346**	**107,902**	**1,393,303**	**956,821**
Liabilities									
Unliquidated obligations	5,025	194	2,904	131,465	85	472	85,931	226,076	170,920
Inter-fund balances payable	2,521	261	938	10,572	55	425	1,359	16,131	29,842
Other accounts payable	626	140	505	3,787	103	69	21	5,251	7,194
Deferred income	8,879	5,167	550	131,196	648	1,287	-	147,727	9,884
Total liabilities	**17,051**	**5,762**	**4,897**	**277,020**	**891**	**2,253**	**87,311**	**395,185**	**217,840**
Reserves and fund balances									
Operating reserves	923	10	1,240	26,265	-	-	-	28,438	22,356
Reserves for allocations	14,811	-	806	89,512	-	5	-	105,134	103,856
Fund principal from contributions	-	-	-	2,000	1,000	1,050	-	4,050	4,050
Cumulative surplus (deficit)	137,308	17,321	34,620	628,902	5,716	16,038	20,591	860,496	608,719
Total reserves and fund balances	**153,042**	**17,331**	**36,666**	**746,679**	**6,716**	**17,093**	**20,591**	**998,118**	**738,981**
Total liabilities and reserves and fund balances	**170,093**	**23,093**	**41,563**	**1,023,699**	**7,607**	**19,346**	**107,902**	**1,393,303**	**956,821**

a/ See note 7.

b/ See note 7 (c).

c/ Comparatives have been adjusted to exclude amounts pertaining to the Crime Prevention and Criminal Justice Fund which will be reflected in the financial statements of United Nations Office on Drugs and Crime in accordance with resolution 61/252.

d/ Includes savings on or cancellation of prior period obligations.

e/ Includes refund of prior period expenditures of $1,441,551 in the Trust Fund to support the United Nations Interim Administration in Kosovo.

f/ Includes grants funded from Central Emergency Response Fund and United Nations Fund for International Partnerships resources.

g/ Represents programme support costs on projects carried out by the Secretariat.

h/ Includes a prior period expenditure of $452,132 in the Trust Fund for the Implementation of the Ottawa Convention on Landmines.

i/ Includes reduction of prior period expenditures of $4,839,114 and $536,235 reported by implementing partners of the Trust fund for Assistance in Mine Action and the Trust fund for Human Security respectively, and a reduction of $(3,713,265) of prior period contributions in the Trust Fund for the Tsunami Disaster Relief Activities consistent with the donor's intentions.

j/ Represents reduction of prior period expenditure reported by implementing partners.

k/ Represents transfer of ($7,500,000) from the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities to the loan element of the Central Emergency Response Fund, and ($677,661) from the Voluntary Fund for the Cambodian Peace Process to the Capacity Building for Human Resources Trust Fund.

l/ Includes transfers of $66,931,825 from the Central Emergency Revolving Fund and $7,500,000 from the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities to the loan element of the Central Emergency Response Fund , and ($3,227,097) from the Afghanistan Emergency Trust Fund to the Special Account for Programme Support of the Office for the Coordination of Humanitarian Affairs-Geneva.

m/ Represents transfers to UNDP of ($20,000,000), ($16,805,092) and ($447,999) from the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities, the United Nations Peacebuilding Fund and the Trust Fund in Support of Special Missions and Other Activities Related to Preventive Diplomacy and Peacemaking, respectively.

n/ The Voluntary Trust Fund to Support Activities of the International Tribunal established by the Security Council resolution 827 (1993) has been reclassified from the "political affairs" section to the "international justice and law" section. The effect of this transfer is to re-state the opening reserve balance of both sections by $4,431,000.

o/ The Trust Fund for Human Security has been reclassified from the "common support and miscellaneous" section to the "human rights and humanitarian affairs" section. The effect of this transfer is to re-state the opening reserve balance of both sections by $154,880,819.

p/ The market value of short-term investments is $436,492 and the market value of long-term investments is $2,079,945.

q/ Represents share of the United Nations Offices away from Headquarters cash pools and comprises cash and term deposits of $162,846,303, short-term investments of $85,982,877 (market value $86,004,166), long-term investments of $54,846,469 (market value $54,806,823) and accrued interest receivable of $1,241,229.

r/ Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $226,608,493, short-term investments of $123,841,159 (market value $123,905,196), long term investments of $273,884,677 (market value $274,722,115) and accrued interest receivable of $3,681,449.

s/ Includes loans of $28,740,435 from the former Central Emergency Revolving Fund and from the Central Emergency Response Fund (see appendix B).

The accompanying notes are an integral part of the financial statements.

Schedule 7.1

United Nations general trust funds

Income, expenditure, reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

Political affairs	Reserves and fund balances beginning of period	Income	Expenditure and other adjustments a/	Reserves and fund balances end of period
Trust Fund for the United Nations Guard Contingent	723	72	84	711
Trust Fund for Iraq-Kuwait Border Issues	1,528	3,478	934	4,072
United Nations Disarmament Information Programme	318	99	89	328
Trust Fund for the United Nations Centre for Disarmament	49	6	5	50
United Nations Institute for Disarmament Research	1,499	5,530	5,362	1,667
Trust Fund for the United Nations Programme on Space Applications	1,057	816	595	1,278
Trust Fund for the Promotion of Peace	-	6	-	6
United Nations Regional Centre for Peace and Disarmament in Africa	274	1,566	715	1,125
Trust Fund for the United Nations Regional Centre for Peace, Disarmament and Development in Latin America	698	3,545	2,992	1,251
Trust Fund for Global and Regional Disarmament Activities	1,566	1,552	1,337	1,781
Trust Fund for the United Nations Regional Centre for Peace and Disarmament in Asia and the Pacific	160	253	113	300
Trust Fund for the Administration of the Agreement Between United Nations and Jordan in Pursuance of Security Council resolution 661 (1990)	268	7	275	-
Trust Fund of the United Nations Standing Advisory Committee on Security Questions in Central Africa	97	8	75	30
Trust Fund in Support of Special Mission and other Activities related to Preventive Diplomacy and Peacemaking	15,725	11,261	5,227	21,759
Trust Fund for Publicity Against Apartheid	282	32	-	314
Trust Fund for Special Projects of the Special Committee Against Apartheid	31	3	-	34
Trust Fund for the Repatriation of Cambodian Refugees and Displaced Persons	116	13	129	-
United Nations Trust Fund for Electoral Observation	970	386	496	860
Trust Fund to Finance Third World Observers to the South African Elections	274	31	-	305
Trust Fund for the Guatemala Peace Process	2,115	222	80	2,257
Trust Fund for Negotiations to Find a Comprehensive Settlement of the Georgian/Abkhaz Conflict	753	149	220	682
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia/Eritrea Border	5,645	632	1,674	4,603
Trust Fund for the Settlement of the Question of East Timor	13,890	1,441	1,623	13,708
United Nations Trust Fund to Support Peacebuilding Support Office in Guinea-Bissau	113	91	76	128
Trust Fund in Support of the Activities of the Committee on the Exercise of the Inalienable Rights of the Palestinian People	26	3	-	29
Trust Fund for Updating the Repertoire of the Practice of the Security Council	175	347	-	522
Trust Fund in Support of the Security Council Committee established pursuant to Security Council resolution 864 (1993)	406	46	-	452
Trust Fund to Support the Peace Process in Ethiopia and Eritrea	409	686	(52)	1,147
Trust Fund for Peacebuilding in Somalia	4,409	426	2,406	2,429
Voluntary Fund for the Cambodian Peace Process	662	16	678	-
Trust Fund for Somalia - Unified Command	313	36	-	349
Trust Fund in Support of the implementation of the Agreement on a Ceasefire and Separation of Forces Signed in Moscow on 14 May 1994	416	1,619	989	1,046
Trust Fund for Police Assistance Programme in Bosnia and Herzegovina	644	73	-	717
Trust Fund for Children and Armed Conflict	884	1,557	968	1,473
Trust Fund to Support United Nations Peacekeeping-related Efforts in Sierra Leone	375	118	52	441
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	33,834	2,495	30,400	5,929

Schedule 7.1
(continued)

United Nations general trust funds

Income, expenditure, reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure and other adjustments a/	Reserves and fund balances end of period
United Nations Trust Fund for Training for UNTAG	118	13	-	131
Trust Fund for Peacemaking Activities of the Secretary-General	211	66	71	206
Trust Fund for Assistance to the Special Representative of the Secretary-General for Burundi in Support of Peacekeeping	259	32	-	291
Trust Fund in Support of the Department of Peacekeeping Operations	2,166	7,791	5,212	4,745
Trust Fund for the International Commission of Inquiry of Arms Flow in the Great Lakes Region of Central Africa	422	48	-	470
Trust Fund to Support the Activities of the United Nations Disengagement Observer Force	93	2	95	-
Trust Fund for the United Nations Coordinator in the Occupied Territories	301	27	220	108
Trust Fund in Support of the Activities of the Secretary-General's Special Representative to the Great Lakes Region of Central Africa	1,283	163	353	1,093
Trust Fund for the Rapidly Deployable Mission Headquarters	805	92	-	897
Trust Fund for Preventive Action	3,072	1,044	404	3,712
Trust Fund for the Consolidation of Peace through Practical Disarmament Measures	206	305	271	240
Trust Fund for the Implementation of the Ottawa Convention on Landmines	1,011	1,180	1,045	1,146
Trust Fund to Support Peace Process in the Democratic Republic of the Congo	509	1,380	818	1,071
Trust Fund to Support the United Nations Interim Administration in Kosovo	1,449	3,410	3,175	1,684
Trust Fund for Afghanistan	526	60	-	586
Trust Fund for the Promotion of Social and Economic Development in Afghanistan	140	20	131	29
Trust Fund to Support the Ituri Pacification Commission	36	2	32	6
Trust Fund to Support the "Distinct Entity" created to Provide Security for the United Nations Presence in Iraq	13,007	4,763	16,212	1,558
United Nations Democracy Trust Fund	41,115	33,231	18,749	55,597
United Nations Peacebuilding Fund	-	16,805	16,805	-
Trust Fund in Support of the Peace Process in Sudan	-	62	27	35
Trust Fund for the African Union-United Nations Joint Mediation Support Team for Darfur	-	4,361	14	4,347
Trust Fund for the Support of the Activities of the United Nations Mission in the Central African Republic and Chad	-	1,104	(2,203)	3,307
Subtotal - Political affairs	**157,433**	**114,582**	**118,973**	**153,042**
International justice and law				
Trust Fund for the United Nations Programme of Assistance in the Teaching, Study, Dissemination and Wider Appreciation of International Law	591	218	79	730
United Nations Commission on International Trade Law Symposia	232	107	116	223
Seminar on International Law	92	162	134	120
Trust Fund to Assist States in the Judicial Settlement of Disputes through the International Court of Justice	2,190	423	154	2,459
Trust Fund on Voluntary Fund to Grant Travel Assistance to Developing Countries Members of the United Nations Commission on International Trade Law	3	-	-	3
Trust Fund for the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda	1,942	1,463	1,976	1,429
Trust Fund to Assist States in the Settlement of Disputes through the International Tribunal for the Law of the Sea	71	36	-	107
Trust Fund to Assist Developing States in Attending Meetings of the Informal Consultative Process on Oceans and the Law of the Sea	137	10	105	42
Trust Fund to Assist Developing States in the Preparation of Submissions to the Commission on the Limits of the Continental Shelf	1,066	1,495	163	2,398

Schedule 7.1
(continued)

United Nations general trust funds
Income, expenditure, reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure and other adjustments a	Reserves and fund balances end of period
Trust Fund to Assist Members of the Commission on the Limits of the Continental Shelf from Developing States to Participate in its meetings	50	717	155	612
Trust Fund for the Repertory of Practice of United Nations Organs	-	34	-	34
Trust Fund for the Office of Legal Affairs to Support the Promotion of International Law	513	144	27	630
Voluntary Fund to Support the Activities of the International Tribunal Established by Security Council resolution 827 (1993)	4,431	2,353	3,493	3,291
Trust Fund for the Special Tribunal for Lebanon	-	5,253	-	5,253
Subtotal - International justice and law	**11,318**	**12,415**	**6,402**	**17,331**
Economic and social development				
Trust Fund for Development Planning and Projections	280	34	51	263
United Nations Research Institute for Social Development	2,588	8,846	9,512	1,922
Trust Fund for Ageing	268	47	45	270
United Nations Youth Fund	178	160	123	215
Trust Fund for the Financing of the Implementation of the Convention on Long Range Transboundary Air Pollution	2,541	6,296	5,506	3,331
Trust Fund for the ECE Study on Long-term European Timber Trends and Prospects	98	139	123	114
United Nations Voluntary Fund on Disability	1,216	523	795	944
Trust Fund for Statistical Development and Capacity Building	656	1,883	568	1,971
Trust Fund for International Research and Training Institute for the Advancement of Women	1,244	6,116	3,431	3,929
UN/ECE Trust Fund on Human Settlements	465	255	162	558
Trust Fund for the Ad Hoc Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting	8	1	-	9
Trust Fund for International Cooperation for Development	1,444	142	666	920
Trust Fund for the Implementation of the Beijing Declaration and Platform for Action	2,591	2,672	1,106	4,157
Trust Fund for Case Studies on the Functioning of the Operational Activities for Development of the United Nations system	296	661	578	379
Policy Analysis on Transnational Corporations	57	7	-	64
Trust Fund for United Nations Electronic Data Interchange for Administration, Commerce and Transport	122	64	74	112
Trust Fund for the ECE Project Energy Efficiency 2000	45	44	51	38
United Nations Trust Fund on Family Activities	462	77	-	539
Trust Fund for Population and Development	281	281	162	400
Trust Fund for International Economic and Social Research	44	5	49	-
Trust Fund for Assistance to Countries in Transition	357	41	247	151
Trust Fund for the Follow-up to the World Summit for Social Development	1,135	154	136	1,153
Trust Fund for ECE Follow-up Activities of the Fourth World Conference on Women	25	5	9	21
Trust Fund for Environmental Performance Reviews and the "Environment for Europe"	649	650	818	481
Trust Fund for Supporting ECE Regional Conferences and Meetings, including Preparatory Meetings for Global Conferences	17	3	14	6
Trust Fund for Support of the Work of the Commission on Sustainable Development	3,357	2,213	3,337	2,233
Trust Fund for the Support of the Activities of the Office of the Special Adviser on Africa to the New Partnership for Africa's Development and Tokyo International Conference on African Development Process	311	458	496	273

Schedule 7.1
(continued)

United Nations general trust funds

Income, expenditure, reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure and other adjustments a/	Reserves and fund balances end of period
Trust Fund for Alliance of Civilizations	1,475	5,594	3,905	3,164
Trust Fund to Support Activities for the Follow-up to the International Conference on Financing for Development	880	201	612	469
Global Compact Trust Fund	2,636	6,755	6,257	3,134
Trust Fund of Panel on Financing for Development	23	2	25	-
Trust Fund for the Participation of all States Including Least Developed Countries in Activities Related to the Special Session of the General Assembly on HIV/AIDS	77	8	13	72
Trust Fund in support of the United Nations Forum on Forests	3,306	2,494	2,683	3,117
Trust Fund in Support of Activities undertaken by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	379	2,214	1,810	783
Trust Fund on Indigenous Issues	370	617	422	565
Trust Fund for the Support of Activities related to the Preparation and Organization of the International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation and to its follow-up	116	211	175	152
Trust Fund for the Annual Ministerial Review and the Development Cooperation Forum	-	413	7	406
Trust Fund to Support the United Nations Response to Climate Change	-	358	26	332
Trust Fund in Support of the United Nations Non-Governmental Organization Informal Regional Network	-	21	2	19
Subtotal - Economic and Social Development	**29,997**	**50,665**	**43,996**	**36,666**
Human rights and humanitarian affairs				
Afghanistan Emergency Trust Fund	16,899	657	9,559	7,997
Emergency Trust Fund for Humanitarian Assistance for Iraq, Kuwait and the Iraq-Turkey and Iraq-Iran Border Areas	413	46	-	459
Trust Fund for the Strengthening of the Emergency Relief Coordinator	22,762	81,138	74,768	29,132
Committee on the Elimination of Racial Discrimination	415	42	-	457
Programme of the Decade for Action to Combat Racism and Racial Discrimination	543	223	7	759
United Nations Voluntary Fund for Victims of Torture	6,426	23,116	13,683	15,859
United Nations Voluntary Fund for Indigenous Populations	909	1,178	679	1,408
Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights	8,542	14,547	14,360	8,729
Trust Fund for Disaster Relief	103,730	324,790	249,663	178,857
Trust Fund for Disaster Reduction	4,948	37,062	26,720	15,290
Sasakawa Disaster Prevention Award Endowment Fund	2,114	253	92	2,275
United Nations Trust Fund for Contemporary Forms of Slavery	1,000	582	1,048	534
Trust Fund for Human Rights Education Programme in Cambodia	1,797	952	617	2,132
Cambodia Trust Fund	1,156	124	94	1,186
Trust Fund for Humanitarian Relief in Iraq	1,853	210	-	2,063
Trust Fund for the Support to the Activities of the Centre for Human Rights	33,091	157,467	138,919	51,639
Trust Fund for Rwanda	200	-	-	200
Voluntary Trust Fund for Assistance in Mine Clearance	38,202	150,394	108,412	80,184
United Nations Voluntary Fund for the International Decade of the World's Indigenous People	293	1	294	-
Trust Fund to Support the International Security Assistance Force in Afghanistan	21	1	22	-
Central Emergency Response Fund	41,117	668,664	536,044	173,737
Trust Fund for Tsunami Disaster Relief	64,525	4,775	54,900	14,400
Trust Fund for Human Security	154,881	75,230	70,729	159,382
Subtotal - Human Rights and Humanitarian Affairs	**505,837**	**1,541.452**	**1,300,610**	**746,679**

Schedule 7.1
(continued)

United Nations general trust funds
Income, expenditure, reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure and other adjustments a/	Reserves and fund balances end of period
Public information				
Trust Fund for Economic and Social Information	1,053	404	429	1,028
Trust Fund for Public Awareness on Disarmament Issues	1,194	132	140	1,186
Development Forum Trust Fund	2,912	2,788	2,463	3,237
Trust Fund for Expanding Public Information Activities in Japan	23	412	335	100
Trust Fund for Information Support for African Economic Recovery and Development	236	21	236	21
Trust Fund for Jointly Financed Information Projects	165	235	104	296
United Nations Trust Fund for Education and Communication	1,910	152	1,225	837
Trust Fund to Support Public Information and Related Efforts in United Nations Peacekeeping Operations	10	1	-	11
Subtotal - Public Information	**7,503**	**4,145**	**4,932**	**6,716**
Common support and miscellaneous				
Trust Fund for Chernobyl	127	15	142	-
Trust Fund for Assistance in the Training of United Nations Staff in the French Language	29	11	19	21
Meditation Room Gifts from New York City	12	2	-	14
Sculpture in Memory of Hammarskjöld, Grant by Blaustein Foundation	17	2	-	19
Trust Fund for German Language Translation	436	3,064	3,025	475
Library Endowment Fund	2,131	215	160	2,186
Personal and Real Property Willed to the United Nations	5,450	1,245	-	6,695
Hamish Brown Fellowship Fund	3	-	-	3
The Special (Ralph Bunche) Account for the Secretary-General for Purposes Related to Peace and Security	242	28	-	270
United Nations Philatelic Museum	4	-	-	4
Trust Fund for Gilberto Amado Memorial Lecture	6	1	-	7
Trust Fund for the Restoration and Maintenance of the Peace Bell	30	3	-	33
Trust Fund for Staff Health Promotion	32	4	3	33
Trust Fund for the Assistance with Field Mission Transport Management	47	5	-	52
Secretariat News Trust Fund	131	15	-	146
Trust Fund for Activities related to Administrative and Budgetary Aspects of Peacekeeping Operations	1	-	-	1
Trust Fund for the Ad Hoc Intergovernmental Group of Experts in the Legal and Financial Field	9	-	9	-
Trust Fund for the Special Projects of the Secretary-General	456	63	157	362
Trust Fund for United Nations Reform	1,334	5,725	3,163	3,896
Sheikh Ashmawi Trust Fund	1	-	-	1
Trust Fund for Security of Staff Members of the United Nations System	2,065	256	262	2,059
Trust Fund for the Millennium Assembly and the Millennium Summit of the United Nations	212	18	63	167
United Nations Trust Fund for Enhancing Professional Capacity in Internal Oversight Functions	25	27	-	52
Trust Fund for Headquarters Refurbishment of Auditorium	95	11	4	102
Trust Fund to Support Management and Reform Activities	3	1	(9)	13
Trust Fund to Support Programmes on HIV/AIDS and Peacekeeping	251	134	186	199
Trust Fund to Strengthen the Organization's Integrity Infrastructure	442	40	477	5

Schedule 7.1
(concluded)

United Nations general trust funds
Income, expenditure, reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Reserves and fund balances beginning of period	Income	Expenditure and other adjustments a/	Reserves and fund balances end of period
Trust Fund for the International Year of Sport and Physical Education 2005	165	26	172	19
Trust Fund for the United Nations Office in Geneva Local Support Services	-	577	318	259
Subtotal - common support and miscellaneous	**13,756**	**11,488**	**8,151**	**17,093**
United Nations Fund for International Partnerships	**13,137**	**295,376**	**287,922**	**20,591**
Total (statement VII)	**738,981**	**2,030,123**	**1,770,986**	**998,118**

a/ Represents:

Expenditure	1,790,443
Prior-period adjustments.	(698)
Transfers to (from) other funds.	(63,418)
Transfers to (from) other organizations.	37,516
Refunds to donors.	7,143
Total	1,770,986

b/ Includes permanent endowment of $2,000,000.

c/ Includes permanent endowment of $1,000,000.

d/ Includes permanent endowment of $1,049,588.

Statement VIII

United Nations Tax Equalization Fund a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	United States of America	Other Member States	Total 2007	Total 2005 b/
Income				
Staff assessment receipts from:				
United Nations regular budget c/	96,811	343,237	440,048	433,981
Peacekeeping operations	66,503	185,755	252,258	213,048
International tribunals d/	14,636	45,879	60,515	61,822
Total income	**177,950**	**574,871**	**752,821**	**708,851**
Expenditure				
Estimated reimbursements to staff members subject to United States income taxes for tax years 2006 and 2007				
Federal income taxes	88,919	-	88,919	69,149
State income taxes	25,406	-	25,406	22,800
City income taxes	8,618	-	8,618	8,450
Social Security taxes	18,944	-	18,944	17,300
Reimbursements and adjustments relating to prior tax years e/	5,985	-	5,985	4,417
Subtotal	147,872	-	147,872	122,116
Credits given to other Member States for:				
United Nations regular budget	-	358,141	358,141	336,979
Peacekeeping operations	-	179,307	179,307	171,069
International tribunals f/	-	39,079	39,079	47,146
Subtotal	-	576,527	576,527	555,194
Staff costs and others	1,327	-	1,327	1,181
Total expenditure	**149,199**	**576,527**	**725,726**	**678,491**
Excess (shortfall) of income over expenditure	**28,751**	**(1,656)**	**27,095**	**30,360**
Prior period adjustments	(86)	-	(86)	(962)
Net excess (shortfall) of income over expenditure	**28,665**	**(1,656)**	**27.009**	**29,398**
Savings on or cancellation of prior period obligations	6	-	6	3,603
Other adjustments to reserves and fund balances	(28,671) g/	-	(28,671)	(46,459)
Reserves and fund balances, beginning of period	-	11,973	11,973	25,431
Reserves and fund balances, end of period	**- h/**	**10,317**	**10,317**	**11,973**

Statement VIII (concluded)

United Nations Tax Equalization Fund a/

Assets, liabilities, reserves and fund balances
as at 31 December 2007
(Thousands of United States dollars)

	United States of America	Other Member States	Total 2007	Total 2005 b/
Assets				
Outstanding estimated tax advances	47,446	-	47,446	40,373
Inter-fund balances receivable	148,377	10,316	158,693	123,621
Other accounts receivable	3,395	1 i/	3,396	4,618
Deferred charges	10	-	10	-
Total assets	**199,228**	**10,317**	**209,545**	**168,612**
Liabilities				
Unliquidated obligations - current period	73,257	-	73,257	59,337
Accounts payable to Member States	125,967 h/	-	125,967	97,296
Other accounts payable	4	-	4	6
Total liabilities	**199,228**	-	**199,228**	**156,639**
Reserves and fund balances				
Cumulative surplus	-	10,317	10,317	11,973
Total reserves and fund balances	-	**10,317**	**10,317**	**11,973**
Total liabilities and reserves and fund balances	**199,228**	**10,317**	**209,545**	**168,612**

a/ See note 8.

b/ Comparative figures have been restated to conform to current presentation, see note 8(b) and (c).

c/ The actual revenue from staff assessment for 2006 and 2007 under Section 35 of the United Nations regular budget amounted to $436,061,790. Credits derived from revenue-producing activities of $3,986,079 increased total income to $440,047,869.

d/ Represents staff assessment income of $37,262,403 and $23,252,662 respectively from the International Tribunal for the Former Yugoslavia and International Criminal Tribunal for Rwanda.

e/ See note 8(c).

f/ Represents credits of $22,122,431 and $16,957,072, respectively, against the assessments for the International Tribunal for the Former Yugoslavia and International Criminal Tribunal for Rwanda.

g/ Represents transfer of surplus for the biennium 2006-2007 to Accounts payable to Member States. See note 8(b).

h/ Cumulative surplus for the United States at the end of the biennium 2006-2007 amounting to $125,967,253 has been transferred to Accounts payable to Member States, and comparative figures restated. See note 8(b).

i/ Represents $1,246 to be charged against the credits of Eritrea for 2008.

The accompanying notes are an integral part of the financial statements.

Statement IX

United Nations capital assets and construction in progress a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Capital Assets Fund	Working Capital Reserve for the capital master plan	Construction in progress				
			Capital master plan	Security measures	Other construction	*Total 2007*	*Total 2005 b/*
Income							
Assessed contributions c/	-	45,000	461,542	-	-	506,542	17,802
Allocations from other funds d/	-	-	-	12,343	4,075	16,418	67,417
Interest income	-	-	18,347 e/	-	1,929	20,276	1,221
Other/miscellaneous income	-	-	-	100	4,586 f/	4,686	4,444
Total income	**-**	**45,000**	**479,889**	**12,443**	**10,590**	**547,922**	**90,884**
Expenditure (schedule 9.1)							
Total expenditure	-	-	82,920	33,628	1,057	**117,605**	**69,351**
Excess (shortfall) of income over expenditure	**-**	**45,000**	**396,969**	**(21,185)**	**9,533**	**430,317**	**21,533**
Prior period adjustments	-	-	-	(1,677) g/	1,103 h/	(574)	-
Net excess (shortfall) of income over expenditure	**-**	**45,000**	**396,969**	**(22,862)**	**10,636**	**429,743**	**21,533**
Savings on or cancellation of prior periods' obligations	-	-	1,522	968	41	2,531	1,349
Transfer from construction in progress i/	55,184	-	-	-	-	55,184	-
Transfer to capital assets	-	-	-	(53,344)	(1,840)	(55,184)	-
Transfer to construction in progress j/	-	-	81,398	26,772	1,010	109,180	68,002
Other adjustments to reserves and fund balances	-	-	-	-	-	-	(6)
Reserves and fund balances, beginning of period	437,897	-	52,666	107,557	16,778	614,898	524,020
Reserves and fund balances, end of period	**493,081**	**45,000**	**532,555**	**59,091**	**26,625**	**1,156,352**	**614,898**

United Nations capital assets and construction in progress a/

Assets, liabilities, reserves and fund balances
as at 31 December 2007
(Thousands of United States dollars)

	Capital Assets Fund	Working capital reserve for the capital master plan	Construction in progress			*Total 2007*	*Total 2005 b/*
			Capital master plan	Security measures	Other construction		
Assets							
Cash and term deposits	-	-	900	-	44	944	79
Cash pool k/	-	-	364,439	-	24,664	389,103	34,950
Assessed contributions receivable from Member States c/	-	121	127,466	-	-	127,587	10,197
Inter-fund balances receivable	-	44,879	-	53,145	-	98,024	72,356
Other accounts receivable	-	-	20	-	-	20	84
Deferred charges	-	-	124,094	-	-	124,094	6,462
Land and buildings	493,081	-	-	-	-	493,081	437,897
Construction in progress (schedule 9.1)	-	-	113,915	27,433	2,787	144,135	90,712
Total assets	**493,081**	**45,000**	**730,834**	**80,578**	**27,495**	**1,376,988**	**652,737**
Liabilities							
Contributions or payments received in advance	-	-	7,193	-	-	7,193	5,698
Unliquidated obligations - prior period	-	-	720	1,649	2	2,371	2,190
Unliquidated obligations - current period	-	-	48,414	19,697	452	68,563	17,211
Unliquidated obligations - future periods	-	-	124,054	-	-	124,054	6,462
Inter-fund balances payable	-	-	11,177	-	296	11,473	1,869
Other accounts payable	-	-	6,721	141	120	6,982	4,409
Total liabilities	-	-	**198,279**	**21,487**	**870**	**220,636**	**37,839**
Reserves and fund balances							
Working capital fund	-	45,000	-	-	-	45,000	-
Donated funds	20,222	-	-	-	-	20,222	20,222
Regular budget appropriations	472,859	-	-	-	-	472,859	417,675
Cumulative surplus	-	-	532,555	59,091	26,625	618,271	177,001
Total reserves and fund balances	**493,081**	**45,000**	**532,555**	**59,091**	**26,625**	**1,156,352**	**614,898**
Total liabilities and reserves and fund balances	**493,081**	**45,000**	**730,834**	**80,578**	**27,495**	**1,376,988**	**652,737**

a/ See note 9.

b/ Comparative figures have been reclassified to conform to current presentation.

c/ Includes contributions unpaid irrespective of collectibility.

d/ Represents transfer of funds from Section 32 of the regular budget.

e/ Includes interest on funds of the Working Capital Reserve for the capital master plan.

f/ Represents rental income from the UNON Gigiri complex utilized to finance construction at the United Nations Office at Nairobi.

g/ Represents adjustment for amounts previously recorded in construction in progress account that are considered as expenditures.

h/ Represents adjustment of $1,147,366 in order to capitalize the ECLAC Annex North Building, offset by $43,921 previously recorded in construction in progress account that are considered as expenditures.

i/ Represents transfers to capital assets for United Nations Headquarters-$32,311,807; the United Nations Office at Geneva-$15,872,896; the United Nations Office at Nairobi-$1,619,291; the United Nations Office at Vienna-$727,776; ECA-$1,415,263; ECLAC-$2,522,787; and ESCAP-$714,153.

j/ Pending the completion of projects, expenditures incurred, net of savings on or cancellation of prior periods' obligations, are transferred to the construction in progress account in the statement of assets, liabilities and reserves and fund balances.

k/ Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $138,002,520, short-term investments of $77,469,330 (market value $77,509,388), long-term investments of $171,329,649 (market value $171,853,511) and accrued interest receivable of $2,302,945.

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

United Nations construction in progress

Expenditures for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Total prior periods' expenditure[a]	Expenditure and adjustments during 2006-2007	Cumulative expenditure up to 31 December 2007
Part I. Capital master plan			
Staff and other personnel costs	6,318	5,332	11,650
Travel	63	36	99
Contractual services	24,564	64,140	88,704
Operating expenses	1,320	10,457	11,777
Acquisitions	271	2,955	3,226
Total expenditure	32,536	82,920	115,456
Savings on or cancellation of prior periods' obligations	(19)	(1,522)	(1,541)
Total	32,517	81,398	113,915
Part II. Security measures			
Staff and other personnel costs	-	-	-
Travel	13	-	13
Contractual services	-	-	-
Operating expenses	-	685	685
Acquisitions	50,379	32,943	83,322
Other	6,626	-	6,626
Total expenditure	57,018	33,628 c/	90,646
Savings on or cancellation of prior periods' obligations	(1,336)	(968)	(2,304)
Total	55,682	32,660	88,342
Part III. Other construction			
Staff and other personnel costs	619	497	1,116
Travel	27	17	44
Contractual services	1,009	531	1,540
Operating expenses	-	-	-
Acquisitions	695	12	707
Other	163	-	163
Total expenditure	2,513	1,057 e/	3,570
Prior period adjustment	-	1,147 f/	1,147
Savings on or cancellation of prior periods' obligations	-	(41)	(41)
Total	2,513	2,163	4,676[g]

a/ Reclassified to conform to current presentation.

b/ Represents construction in progress.

c/ Comprises expenditure during the biennium for United Nations Headquarters-$8,301,460; the United Nations Office at Geneva-$15,942,710; the United Nations Office at Nairobi-$2,340,898; the United Nations Office at Vienna-$5,820,765; ECA-$6,615; ECLAC-$762,842; and ESCAP-$453,153.

d/ Represents construction in progress of $27,433,000, transfer to capital assets of $53,344,000 and expenditures of $7,565,000.

e/ Comprises expenditure during the biennium for the United Nations Office at Nairobi-$612,099; ECA-$438,928; and ECLAC-$5,793.

f/ Represents prior period costs of the ECLAC Annex North Building brought into the construction in progress account in order to transfer to capital assets.

g/ Represents construction in progress of $2,787,000, transfer to capital assets of $1,840,000 and expenditures of $49,000.

Statement X

United Nations end-of-service and post-retirement benefits a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	After-service health insurance			Repatriation benefits			Unused vacation days				
	Regular budget	Extrabudgetary resources	Total	Regular budget	Extrabudgetary resources	Total	Regular budget	Extrabudgetary resources	Total	**Total 2007**	**Total 2005 b/**
Income											
Accruals for repatriation benefits c/	-	-	-	-	8,646	8,646	-	-	-	8,646	3,287
Other/miscellaneous income	-	-	-	-	369	369	-	-	-	369	274
Total income	**-**	**-**	**-**	**-**	**9,015**	**9,015**	**-**	**-**	**-**	**9,015**	**3,561**
Expenditure											
Repatriation benefits payments d/	-	-	-	-	2,539	2,539	-	-	-	2,539	502
Total expenditure	**-**	**-**	**-**	**-**	**2,539**	**2,539**	**-**	**-**	**-**	**2,539**	**502**
Excess (shortfall) of income over expenditure	**-**	**-**	**-**	**-**	**6,476**	**6,476**	**-**	**-**	**-**	**6,476**	**3,059**
Non-budgeted accrued expenses for end-of-service and post-retirement benefits e/	(280,327)	(16,570)	(296,897)	(33,295)	(14,537)	(47,832)	(13,784)	(9,796)	(23,580)	(368,309)	-
Prior-period adjustments	-	-	-	-	(89)	(89)	-	-	-	(89)	-
Net excess (shortfall) of income over expenditure	**(280,327)**	**(16,570)**	**(296,897) -**	**(33,295)**	**(8,150)**	**(41,445)**	**(13,784)**	**(9,796)**	**(23,580)**	**(361,922)**	**3,059**
Other adjustments to reserves and fund balances f/	(1,539,365)	(203,349)	(1,742,714)	(82,093)	(18,030)	(100,123)	(99,006)	(19,929)	(118,935)	(1,961,772)	7,328
Reserves and fund balances, beginning of period	-	-	-	-	10,387	10,387	-	-	-	10,387	-
Reserves and fund balances, end of period	**(1,819,692)**	**(219,919)**	**(2,039,611)**	**(115,388)**	**(15,793)**	**(131,181)**	**(112,790)**	**(29,725)**	**(142,515)**	**(2,313,307)**	**10,387**

Statement X (concluded)

United Nations end-of-service and post-retirement benefits a/

Assets, liabilities, reserves and fund balances as at 31 December 2007

(Thousands of United States dollars)

	After-service health insurance			Repatriation benefits			Unused vacation days				
	Regular budget	Extrabudgetary resources	Total	Regular budget	Extrabudgetary resources	Total	Regular budget	Extrabudgetary resources	Total	**Total 2007**	**Total 2005 b/**
Assets											
Inter-fund balances receivable	1,643	-	1,643	-	18,362	18,362	-	-	-	20,005	11,144
Total assets	**1,643**	**-**	**1,643**	**-**	**18,362**	**18,362**	**-**	**-**	**-**	**20,005**	**11,144**
Liabilities											
Other accounts payable	-	-	-	-	1,588	1,588	-	-	-	1,588	757
End-of-service and post-retirement liabilities g/	1,821,335	219,919	2,041,254 h/	115,388	32,567	147,955	112,790	29,725	142,515	2,331,724	-
Total liabilities	**1,821,335**	**219,919**	**2,041,254**	**115,388**	**34,155**	**149,543**	**112,790**	**29,725**	**142,515**	**2,333,312**	**757**
Reserves and fund balances											
Cumulative surplus (deficit)	(1,819,692)	(219,919)	(2,039,611)	(115,388)	(15,793)	(131,181)	(112,790)	(29,725)	(142,515)	(2,313,307)	10,387
Total reserves and fund balances	**(1,819,692)**	**(219,919)**	**(2,039,611)**	**(115,388)**	**(15,793)**	**(131,181)**	**(112,790)**	**(29,725)**	**(142,515)**	**(2,313,307)**	**10,387**
Total liabilities and reserves and fund balances	**1,643**	**-**	**1,643**	**-**	**18,362**	**18,362**	**-**	**-**	**-**	**20,005**	**11,144**

a/ See note 10.

b/ Represents repatriation grant reserve for non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts which was previously presented in Schedule 11.1.

c/ Represents accruals during the biennium 2006-2007 for repatriation benefits that were charged to non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

d/ Represents repatriation benefits in respect of staff who separated during the biennium 2006-2007 from non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts.

e/ Represents net increase in accrued liabilities during the biennium 2006-2007.

f/ Represents accrued liabilities as of 31 December 2005. These were previously disclosed in the notes and are now reflected in the financial statements as liabilites. See note 10(a).

g/ Represents accrued liabilities as of 31 December 2007. See note 10.

h/ Excludes liabilities for peacekeeping operations, which are shown in Volume II of the financial statements for peacekeeping operations.

The accompanying notes are an integral part of the financial statements.

United Nations other special funds a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	United Nations funds held in trust b/	Programme support costs c/	Common support services d/	United Nations jointly financed activities e/	United Nations Central Emergency Response Fund f/	Special multi-year account for supplementary development activities	Others g/	Total 2007	Total 2005 h/
Income									
Voluntary contributions	-	-	-	8,042	-	-	-	8,042	5,492
Funds received under inter-organizational arrangements	-	-	-	179,448	-	-	-	179,448	127,949
Allocations from other funds	1,858	-	75,845	101,519	-	21,552	-	200,774	163,723
Income from services rendered	-	202,609	19,630	7,329	-	-	-	229,568	183,688
Interest income	32,676	17,132	217	1,085	-	-	812	51,922	20,819
Contributions from staff and the United Nations	154,723	-	-	-	-	-	-	154,723	125,201
Other/miscellaneous income	14,374	2,704	1,780	1,040	-	30	1,090	21,018	11,032
Total income	**203,631**	**222,445**	**97,472**	**298,463**	-	**21,582**	**1,902**	**845,495**	**637,904**
Expenditure									
Staff and other personnel costs	3,014	120,655	3,422	214,187	-	5,168	371	346,817	275,731
Travel	2	3,691	153	9,433	-	1,679	-	14,958	11,733
Contractual services	322	6,808	2,532	25,897	-	1,221	-	36,780	33,288
Operating expenses	83	16,409	74,777	18,089	-	265	187	109,810	91,002
Acquisitions	6	4,118	1,848	15,433	-	547	95	22,047	29,286
Claim reimbursements	130,527	-	-	-	-	-	-	130,527	111,889
Deficit premiums	1,651	-	-	-	-	-	-	1,651	9,846
Other	-	11,421	-	9,480	-	4,857	82	25,840	16,622
Total expenditure	**135,605**	**163,102**	**82,732**	**292,519**	-	**13,737**	**735**	**688,430**	**579,397**
Excess (shortfall) of income over expenditure	**68,026**	**59,343**	**14,740**	**5,944**	-	**7,845**	**1,167**	**157,065**	**58,507**
Prior-period adjustments	(797)	672	(2)	(44)	-	-	(30)	(201)	890
Net excess (shortfall) of income over expenditure	**67,229**	**60,015**	**14,738**	**5,900**	-	**7,845**	**1,137**	**156,864**	**59,397**
Savings on or cancellation of prior-period obligations	3	-	481	1,805	-	1,664	-	3,953	4,726
Transfer (to) from other funds	-	3,272	-	-	(66,932)	-	-	(63,660)	1,355
Refunds to donors	-	-	-	(1)	-	-	-	(1)	-
Other adjustments to reserves and fund balances	850	-	-	30	-	-	653	1,533	857
Reserves and fund balances, beginning of period	317,139	131,995	20,118	4,241	66,932	13,165	57,191	610,781	544,446
Reserves and fund balances, end of period	**385,221**	**195,282**	**35,337**	**11,975**	-	**22,674**	**58,981**	**709,470**	**610,781**

Statement XI
(concluded)

United Nations other special funds a/

Assets, liabilities, reserves and fund balances as at 31 December 2007
(Thousands of United States dollars)

	United Nations funds held in trust b/	Programme suppo.t costs c/	Common support services d/	United Nations jointly financed activities e/	United Nations Central Emergency Response Fund f/	Special multi-year account for supplementary development activities	Others g/	Total 2007	Total 2005 h/
Assets									
Cash and term deposits	35,760	1,870	-	552	-	-	39	38,221	71,817
Short-term investments	5,267	-	-	-	-	-	-	5,267	2,675
Long-term investments	60,740	-	-	-	-	-	-	60,740	46,767
Offices away from Headquarters cash pools i/	116	60,383	-	14,819	-	-	906	76,224	10,782
Cash pool j/	269,568	124,770	-	-	-	-	8,528	402,866	399,944
Assessed contributions receivable from Member States	-	-	-	-	-	-	6,097	6,097	6,100
Voluntary contributions receivable	-	-	-	-	-	-	-	-	-
Inter-fund balances receivable	6,015	11,832	45,872	27,526	-	26,923	162	118,330	56,721
Other accounts receivable	7,863	6,258	452	16,365	-	92	44,091	75,121	105,326
Deferred charges	147	-	42,612	181	-	-	-	42,940	1,279
Other assets	-	5,126	-	-	-	-	-	5,126	-
Total assets	**385,476**	**210,239**	**88,936**	**59,443**	**-**	**27,015**	**59,823**	**830,932**	**701,411**
Liabilities									
Contributions or payments received in advance	-	-	-	-	-	-	-	-	23
Unliquidated obligations - prior period	-	-	-	-	-	-	-	-	12
Unliquidated obligations - current period	35	4,360	8,259	12,408	-	4,010	23	29,095	21,212
Unliquidated obligations - future periods	147	4,853	42,601	-	-	-	-	47,601	-
Inter-fund balances payable	-	3,646	-	38	-	-	818	4,502	49,514
Other accounts payable	73	1,513	2,739	30,889	-	331	1	35,546	19,295
Other liabilities	-	585	-	4,133	-	-	-	4,718	574
Total liabilities	**255**	**14,957**	**53,599**	**47,468**	**-**	**4,341**	**842**	**121,462**	**90,630**
Reserves and fund balances									
Operating reserves	70,156	16,907	6,635	1,242	-	-	56	94,996	93,713
Fund principal from contributions	-	-	-	-	-	-	-	-	49,482
Cumulative surplus (deficit)	315,065	178,375	28,702	10,733	-	22,674	58,925	614,474	467,586
Total reserves and fund balances	**385,221**	**195,282**	**35,337**	**11,975**	**-**	**22,674**	**58,981**	**709,470**	**610,781**
Total liabilities and reserves and fund balances	**385,476**	**210,239**	**88,936**	**59,443**	**-**	**27,015**	**59,823**	**830,932**	**701,411**

a/ See note 11.
b/ Refer to Schedule 11.1.
c/ Refer to Schedule 11.2.
d/ Refer to Schedule 11.3.
e/ Refer to Schedule 11.4.
f/ See note 11.5.
g/ Refer to Schedule 11.5.
h/ Comparative figures have been restated to conform to current presentation.
i/ Represents share of the United Nations Offices away from Headquarters cash pools and comprises cash and term deposits of $41,054,832, short-term investments of $21,305,941 (market value $21,309,879), long-term investments of $13,553,623 (market value $13,543,826) and accrued interest receivable of $310,422.
j/ Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $142,883,117, short-term investments of $80,209,110 (market value $80,250,584), long-term investments of $177,388,893 (market value $177,931,282) and accrued interest receivable of $2,384,391.

The accompanying notes are an integral part of the financial statements.

Schedule 11.1

United Nations Funds held in trust a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Rate stabilization reserves for Blue Cross, Aetna, Cigna and Van Breda b/	United Nations staff life insurance reserves b/	After- service life insurance coverage	Medical insurance plan for field local staff	Compensation awards	Self-insurance reserve fund for Headquarters general liabilities	Geneva staff mutual insurance society against sickness and accident	Joint Inspection Unit Provident Fund	**Total 2007**	**Total 2005 c/**
Income										
Contributions from staff and the Organization	-	-	-	26,311	11,183	-	117,229	-	154,723	125,201
Insurance rebates	4,059	-	-	-	-	-	-	-	4,059	3,398
Interest income	11,371	820	148	4,189	7,326	539	8,279	4	32,676	13,770
Allocations from other funds	-	-	-	-	1,458	400	-	-	1,858	10,400
Other/miscellaneous income	-	-	-	6	1	-	10,307 d/	1	10,315	282
Total income	**15,430**	**820**	**148**	**30,506**	**19,968**	**939**	**135,815**	**5**	**203,631**	**153,051**
Expenditure										
Staff and other personnel costs	-	-	-	-	-	-	2,976	38	3,014	2,672
Travel	-	-	-	-	-	-	2	-	2	3
Contractual services	-	-	-	-	-	-	322	-	322	292
Operating expenses	7	1	1	4	2	1	67	-	83	3,673
Acquisitions	-	-	-	-	-	-	6	-	6	21
Claim reimbursements	282	-	-	16,325	3,414	40	110,466	-	130,527	111,889
Deficit premiums	280	1,371	-	-	-	-	-	-	1,651	9,846
Total expenditure	**569**	**1,372**	**1**	**16,329**	**3,416**	**41**	**113,839**	**38**	**135,605**	**128,396**
Excess (shortfall) of income over expenditure	**14,861**	**(552)**	**147**	**14,177**	**16,552**	**898**	**21,976**	**(33)**	**68,026**	**24,655**
Prior period adjustments	(719) e/	-	-	(4)	-	-	(74)	-	(797)	1,336
Net excess (shortfall) of income over expenditure	**14,142**	**(552)**	**147**	**14,173**	**16,552**	**898**	**21,902**	**(33)**	**67,229**	**25,991**
Savings on or cancellation of prior periods' obligations	-	-	-	-	-	-	3	-	3	-
Other adjustments to reserves and fund balances	-	850 f/	-	-	-	-	-	-	850	858
Reserves and fund balances, beginning of period	108,182	13,679	1,437	36,511	70,026	5,166	82,074	64	317,139	290,290
Reserves and fund balances, end of period	**122,324**	**13,977**	**1,584**	**50,684**	**86,578**	**6,064**	**103,979**	**31**	**385,221**	**317,139**

Schedule 11.1 (concluded)

United Nations Funds held in trust a/

Statement of assets, liabilities and reserves and fund balances as at 31 December 2007

(Thousands of United States dollars)

	Rate stabilization reserves for Blue Cross, Aetna, Cigna and Van Breda b/	United Nations staff life insurance reserves b/	After-service life insurance coverage	Medical insurance plan for field local staff	Compensation awards	Self-insurance reserve fund for Headquarters general liabilities	Geneva staff mutual insurance society against sickness and accident	Joint Inspection Unit Provident Fund	Total 2007	Total 2005 c/
Assets										
Cash and term deposits	145	28	17	19	45	10	35,496	-	35,760	30,837
Short-term investments	-	-	-	-	-	-	5,267 g/	-	5,267	2,675
Long-term investments	-	-	-	-	-	-	60,740 g/	-	60,740	46,767
Offices away from Headquarters cash pools h/	-	-	-	-	-	-	85	31	116	-
Cash pool i/	121,923	8,402	1,567	50,364	81,457	5,855	-	-	269,568	223,866
Inter-fund balances receivable	271	-	-	155	4,977	199	413	-	6,015	6,460
Other accounts receivable	-	5,547	-	186	102	-	2,048	-	7,863	6,675
Deferred charges	-	-	-	-	-	-	147	-	147	-
Total assets	**122,339**	**13,977**	**1,584**	**50,704**	**86,581**	**6,064**	**104,196**	**31**	**385,476**	**317,280**
Liabilities										
Unliquidated obligations - current period	-	-	-	-	-	-	35	-	35	132
Unliquidated obligations - future periods	-	-	-	-	-	-	147	-	147	-
Other accounts payable	15	-	-	20	3	-	35	-	73	9
Total liabilities	**15**	**-**	**-**	**20**	**3**	**-**	**217**	**-**	**255**	**141**
Reserves and fund balances										
Operating reserves	-	4,147	-	-	-	-	66,009	-	70,156	68,030
Cumulative surplus (deficit)	122,324	9,830	1,584	50,684	86,578	6,064	37,970	31	315,065	249,109
Total reserves and fund balances	**122,324**	**13,977**	**1,584**	**50,684**	**86,578**	**6,064**	**103,979**	**31**	**385,221**	**317,139**
Total liabilities and reserves and fund balances	**122,339**	**13,977**	**1,584**	**50,704**	**86,581**	**6,064**	**104,196**	**31**	**385,476**	**317,280**

a/ See note 11.1.

b/ Excludes premiums collected and amounts paid to the insurance carriers during the financial period.

c/ As repatriation grant reserve is now reported in Statement X, comparative figures have been restated to conform to current presentation.

d/ Includes gain on exchange of $10,256,468.

e/ Represents insurance rebate for participants in after-health service insurance charged to Aetna and Blue Cross insurance reserves.

f/ Represents change in life insurance reserves held by Aetna.

g/ The market value of short-term investments is $5,270,219, and the market value of long-term investments is $60,708,800.

h/ Represents share of the United Nations offices away from Headquarters cash pools and comprises cash and term deposits of $63,265, short-term investments of $32,208 (market value $32,213), long-term investments of $20,427 (market value $20,412) and accrued interest receivable of $474.

i/ Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $95,806,707, short-term investments of $53,669,944 (market value $53,697,695), long-term investments of $118,695,395 (market value of $119,058,321) and accrued interest receivable of $1,595,456.

The accompanying notes are an integral part of the financial statements.

Schedule 11.2

United Nations special accounts for programme support costs a/
Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Support of technical cooperation activities	Support of extrabudgetary administrative structures	Support of extrabudgetary substantive activities	Support of humanitarian activities	Support of United Nations Fund for International Partnerships	All funds eliminations	**Total 2007**	**Total 2005** b/
Income								
Income for services rendered to:								
UNDP/UNFPA/UNOPS	1,309	17,474	-	-	-	-	18,783	18,856
UNFIP	-	-	-	-	3,300	-	3,300	2,975
Technical cooperation trust funds	24,966	2,103	-	-	-	(2,103)	24,966	21,585
Associated agency projects	1,082	-	-	-	-	-	1,082	1,884
General trust funds c/	413	31,110	31,271	33,601	-	(12,176)	84,219	52,676
ITC	-	1,827	-	-	-	-	1,827	1,548
UNEP - Geneva	-	1,535	-	-	-	-	1,535	3,145
UNHCR	-	5,278	-	-	-	-	5,278	5,239
UNEP/UN-Habitat and others	-	39,791	-	-	-	-	39,791	37,525
UNICEF	-	10,145	-	-	-	-	10,145	10,160
Other sources	1,268	9,793	622	-	-	-	11,683	10,218
Interest income	4,607	6,099	3,687	2,582	157	-	17,132	4,642
Other/miscellaneous income	845	943	76	377	463	-	2,704	1,431
Total income	34,490	126,098 -	35,656 -	36,560 -	3,920	(14,279)	222,445	171,884
Expenditure								
Staff and other personnel costs	18,854	76,134	12,051	24,462	3,380	(14,226)	120,655	115,953
Travel	1,003	1,972	270	292	154	-	3,691	3,182
Contractual services	308	5,510	611	292	87	-	6,808	3,313
Operating expenses	1,422	13,542	117	777	604	(53)	16,409	11,929
Acquisitions	169	3,838	63	47	1	-	4,118	2,302
Other	1,905	9,087	-	426	3	-	11,421	7,502
Total expenditure	23,661	110,083	13,112 -	26,296 -	4,229	(14,279)	163,102	144,181
Excess (shortfall) of income over expenditure	10,829	16,015	22,544	10,264	(309)	-	59,343	27,703
Prior-period adjustments	(56)	824 d/	(85)	-	(11)	-	672	(14)
Net excess (shortfall) of income over expenditure	10,773	16,839	22,459	10,264	(320)	-	60,015	27,689
Transfer (to) from other funds	(26)	(273)	344	3,227 e/	-	-	3,272	1,355
Reserves and fund balances, beginning of period	38,764	51,355	23,519	17,165	1,192	-	131,995	102,951
Reserves and fund balances, end of period	49,511	67,921	46,322	30,656	872	-	195,282	131,995

Schedule 11.2
(concluded)

United Nations special accounts for programme support costs a/
Assets, liabilities, reserves and fund balances as at 31 December 2007
(Thousands of United States dollars)

	Support of technical cooperation activities	Support of extrabudgetary administrative structures	Support of extrabudgetary substantive activities	Support of humanitarian activities	Support of United Nations Fund for International Partnerships	All funds eliminations	Total 2007	Total 2005 b/
Assets								
Cash and term deposits	-	1,870	-	-	-	-	1,870	33,139
Offices away from Headquarters cash pool f/	16,150	20,627	-	23,606	-	-	60,383	10,782
Cash pool g/	32,731	40,401	46,111	4,534	993	-	124,770	93,079
Inter-fund balances receivable	1,244	6,914	874	2,800	-	-	11,832	1,276
Other accounts receivable	114	5,903	172	54	15	-	6,258	6,301
Other assets	20	5,027	52	27	-	-	5,126	255
Total assets	50,259	80,742	47,209	31,021	1,008	-	210,239	144,832
Liabilities								
Unliquidated obligations - current period	596	3,030	314	318	102	-	4,360	3,806
Unliquidated obligations - future periods	-	4,853	-	-	-	-	4,853	-
Inter-fund balances payable	78	3,025	521	-	22	-	3,646	8,263
Other accounts payable	74	1,328	52	47	12	-	1,513	694
Deferred Income	-	585	-	-	-	-	585	-
Other liabilities	-	-	-	-	-	-	-	74
Total liabilities	748	12,821	887	365	136	-	14,957	12,837
Reserves and fund balances								
Operating reserves	3,451	10,148	-	2,828	480	-	16,907	18,259
Cumulative surplus (deficit)	46,060	57,773	46,322	27,828	392	-	178,375	113,736
Total reserves and fund balances	49,511	67,921	46,322	30,656	872	-	195,282	131,995
Total liabilities and reserves and fund balances	50,259	80,742	47,209	31,021	1,008	-	210,239	144,832

a/ See note 11.

b/ Comparatives have been adjusted to exclude amounts pertaining to the Crime Prevention and Criminal Justice Fund which will be reflected in the financial statements of United Nations Office on Drugs and Crime in accordance with resolution 61/252.

c/ Income is calculated as a percentage of programme resources expended, except for allocations.

d Includes adjustment for prior years income for services provided by the United Nations Office at Geneva.

e/ Represents transfer from the Afghanistan Emergency Trust Fund .

f/ Represents share of the United Nations offices away from Headquarters A66 cash pool and comprises cash and term deposits of $32,442,780 short term investments of $16,921,585 (market value $16,924,767) , long term investments of $10,772,965 (market value $10,765,178) and accrued interest receivable of $245,876.

g/ Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $44,251,771 short-term investments of $24,841,250 (market value $24,854,095), long-term investments of $54,938,420 (market value $55,106,401) and accrued interest receivable of $738,460.

The accompanying notes are an integral part of the financial statements.

Schedule 11.3

Common support services a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	IMIS	Information technology and telecommuications	Common services	Travel services	Rented premises	**Total 2007**	**Total 2005**
Income							
Funds received under inter-organization arrangements	-	-	-	-	-	-	168
Allocations from other funds	-	16,419	-	-	59,426	75,845	51,377
Income from services rendered	-	17,043	-	2,587	-	19,630	13,184
Rental and maintenance	-	-	-	-	1,273	1,273	1,768
Rebates	-	-	-	507	-	507	893
Interest income	217	-	-	-	-	217	152
Other/miscellaneous income	-	-	-	-	-	-	1
Total income	**217**	**33,462**	**-**	**3,094**	**60,699**	**97,472**	**67,543**
Expenditure							
Staff and other personnel costs	714	2,708	-	-	-	3,422	3,172
Travel	-	153	-	-	-	153	49
Contractual services	-	26	-	2,506	-	2,532	2,029
Operating expenses	-	26,868	-	-	47,909	74,777	61,473
Acquisitions	-	1,848	-	-	-	1,848	215
Total expenditure	**714**	**31,603**	**-**	**2,506**	**47,909**	**82,732**	**66,938**
Excess (shortfall) of income over expenditure	**(497)**	**1,859**	**-**	**588**	**12,790**	**14,740**	**605**
Prior period adjustments	-	(2)	-	-	-	(2)	-
Net excess (shortfall) of income over expenditure	**(497)**	**1,857**	**-**	**588**	**12,790**	**14,738**	**605**
Savings on or cancellation of prior period obligations	-	399	75	-	7	481	1,094
Reserves and fund balances, beginning of period	2,843	10,907	588	174	5,606	20,118	18,419
Reserves and fund balances, end of period	**2,346**	**13,163**	**663**	**762**	**18,403**	**35,337**	**20,118**

Schedule 11.3 (concluded)

Common support services a/

Assets, liabilities, reserves and fund balances as at 31 December 2007
(Thousands of United States dollars)

	IMIS	Information technology and telecommuications	Common services	Travel services	Rented premises	**Total 2007**	**Total 2005**
Assets							
Inter-fund balances receivable	2,346	23,367	663	1,050	18,446	45,872	24,051
Accounts receivable	-	318	-	5	129	452	258
Deferred charges	-	1,235	-	-	41,377	42,612	43
Total assets	**2,346**	**24,920**	**663**	**1,055**	**59,952**	**88,936**	**24,352**
Liabilities							
Unliquidated obligations - prior period	-	-	-	-	-	-	12
Unliquidated obligations - current period	-	8,173	-	65	21	8,259	2,487
Unliquidated obligations - future period	-	1,224	-	-	41,377	42,601	-
Other accounts payable	-	2,360	-	228	151	2,739	1,735
Total liabilities	**-**	**11,757**	**-**	**293**	**41,549**	**53,599**	**4,234**
Reserves and fund balances							
Operating reserves	-	2,000	-	135	4,500	6,635	6,635
Cumulative surplus	2,346	11,163	663	627	13,903	28,702	13,483
Total reserves and fund balances	**2,346**	**13,163**	**663**	**762**	**18,403**	**35,337**	**20,118**
Total liabilities and reserves and fund balances	**2,346**	**24,920**	**663**	**1,055**	**59,952**	**88,936**	**24,352**

a/ See note 11.3.

The accompanying notes are an integral part of the financial statements.

Schedule 11.4

United Nations jointly financed activities a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	International Civil Service Commission	Joint Inspection Unit	CEB secretariat	Safety and Security (Headquarters)	Malicious Acts insurance policy	Dag Hammarskjöld Library Consortium	Jointly financed activities UNOV b/	United Nations System Staff College	United Nations health care centre - ECA c/	**Total 2007**	**Total 2005 d/**
Income											
Voluntary contributions	-	-	-	-	-	-	-	8,042	-	8,042	5,423
Funds received under inter-organizational arrangements	8,267	8,404	3,784	115,009	9,303	1,861	30,455	699	1,667	179,448	127,781
Allocations from other funds e/	4,855	2,668	1,650	33,460	5,187	1,629	50,979	301	789	101,519	88,881
Income from services rendered	-	-	-	-	-	-	-	6,844	485	7,329	4,693
Interest income	-	-	-	-	-	-	-	1,085	-	1,085	300
Other/miscellaneous income	-	5	7	-	-	-	824	194	10	1,040	155
Total income	**13,122**	**11,077**	**5,441**	**148,469**	**14,490**	**3,490**	**82,258**	**17,165**	**2,951**	**298,463**	**227,233**
Expenditure											
Staff and other personnel costs	10,561	10,447	4,433	106,587	-	-	72,010	8,454	1,695	214,187	149,215
Travel	1,357	509	403	5,438	-	-	129	1,583	14	9,433	6,928
Contractual services	8	23	154	3,614	14,490	3,490	2,525	1,542	51	25,897	26,092
Operating expenses	1,270	86	165	12,189	-	-	1,632	1,647	1,100	18,089	13,647
Acquisitions	80	67	26	12,119	-	-	2,663	214	264	15,433	26,462
Other	-	-	100	9,126	-	-	254	-	-	9,480	5,673
Total expenditure	**13,276**	**11,132**	**5,281**	**149,073**	**14,490**	**3,490**	**79,213**	**13,440**	**3,124**	**292,519**	**228,017**
Excess (shortfall) of income over expenditure	**(154)**	**(55)**	**160**	**(604)**	**-**	**-**	**3,045**	**3,725**	**(173)**	**5,944**	**(784)**
Prior period adjustments	-	(44)	-	-	-	-	-	-	-	(44)	-
Net excess (shortfall) of income over expenditure	(154)	(99)	160	(604)	-	-	3,045	3,725	(173)	5,900	(784)
Savings on, or cancellation of prior period's obligations	154	99	53	604	-	-	718	103	74	1,805	1,368
Refunds to donors	-	-	-	-	-	-	-	(1)	-	(1)	-
Other adjustments to reserves and fund balances	-	-	-	-	-	-	(341)	-	371 f/	30	-
Reserves and fund balances, beginning of period	-	-	711	-	-	-	(3,422)	6,952	-	4,241	3,657
Reserves and fund balances, end of period	**-**	**-**	**924** g/	**-**	**-**	**-**	**-**	**10,779**	**272**	**11,975**	**4,241**

a/ See note 11.4.

b/ Represents the jointly financed activities pertaining to safety and security, conference and administrative services and the access control programme the United Nations Office at Vienna.

c/ Reflects the activities of the United Nations Health Care Centre - ECA which is shown in this statement effective 1 January 2006.

d/ Comparative figures have been reclassified to conform to current presentation.

e/ Represents allocations from funds of the United Nations.

f/ Represents the fund balance as of 31 December 2005 which is shown on this line, as effective 1 January 2006, this fund is included in Volume 1.

g/ An amount of $923,913 is being carried forward for activities of the United Nations system IPSAS project during 2008-2009.

The accompanying notes are an integral part of the financial statements.

Schedule 11.5

Other funds a/

Income, expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2007
(Thousands of United States dollars)

	Nobel Peace Prize Memorial Fund	Special awards	United Nations Mission in East Timor	Sale of United Nations Bonds	Cafeteria Amortization Fund b/	Liquor Revolving Fund b/	Total 2007	Total 2005
Income								
Voluntary contributions	-	-	-	-	-	-	-	39
Interest income	434	7	302	-	69	-	812	233
Catering services	-	-	-	-	880	-	880	-
Liquor sales	-	-	-	-	-	203	203	-
Other/miscellaneous income	-	-	-	-	7	-	7	3,079
Total income	**434**	**7**	**302**	-	**956**	**203**	**1,902**	**3,351**
Expenditure								
Staff and other personnel costs	-	-	-	-	216	155	371	-
Operating expenses	-	-	-	-	187	-	187	-
Acquisitions	-	-	-	-	95	-	95	-
Other	10	-	-	-	-	72	82	167
Total expenditure	**10**	-	-	-	**498**	**227**	**735**	**167**
Excess (shortfall) of income over expenditure	**424**	**7**	**302**	-	**458**	**(24)**	**1,167**	**3,184**
Prior period adjustments	-	-	(30)	-	-	-	(30)	-
Net excess (shortfall) of income over expenditure	**424**	**7**	**272**	-	**458**	**(24)**	**1,137**	**3,184**
Other adjustments to reserves and fund balances	-	-	-	-	472 c/	181 c/	653	-
Reserves and fund balances, beginning of period	4,282	6	8,855	44,048	-	-	57,191	54,007
Reserves and fund balances, end of period	**4,706**	**13**	**9,127**	**44,048**	**930**	**157**	**58,981**	**57,191**

Other funds a/

Assets, liabilities, reserves and fund balances as at 31 December 2007
(Thousands of United States dollars)

	Nobel Peace Prize Memorial Fund	Special awards	United Nations Mission in East Timor	Sale of United Nations Bonds	Cafeteria Amortization Fund	Liquor Revolving Fund	Total 2007	Total 2005
Assets								
Cash and term deposits	-	-	39	-	-	-	39	29
Offices away from Headquarters cash pools d/	-	-	-	-	906	-	906	-
Cash pool e/	4,716	13	3,799	-	-	-	8,528	6,987
Assessed contributions receivable from Member States	-	-	6,097	-	-	-	6,097	6,100
Inter-fund balance receivable	-	-	-	-	5	157	162	177
Other accounts receivable	-	-	-	-	43	-	43	-
Due from the Ad Hoc Account for the United Nations Operation in Congo f/	-	-	-	35,931	-	-	35,931	35,931
Due from the Special Account for the United Nations Emergency Force (1956) f/	-	-	-	8,117	-	-	8,117	8,117
Total assets	**4,716**	**13**	**9,935**	**44,048**	**954**	**157**	**59,823**	**57,341**
Liabilities								
Contributions or payments received in advance	-	-	-	-	-	-	-	23
Unliquidated obligations - current period	-	-	-	-	23	-	23	30
Other accounts payable	-	-	-	-	1	-	1	-
Inter-fund balances payable	10	-	808	-	-	-	818	97
Total liabilities	**10**	**-**	**808**	**-**	**24**	**-**	**842**	**150**
Reserves and fund balances								
Operating reserves	-	-	-	-	56	-	56	-
Cumulative surplus	4,706	13	9,127	44,048	874	157	58,925	57,191
Total reserves and fund balances	**4,706**	**13**	**9,127**	**44,048**	**930**	**157**	**58,981**	**57,191**
Total liabilities and reserves and fund balances	**4,716**	**13**	**9,935**	**44,048**	**954**	**157**	**59,823**	**57,341**

a/ See note 11.7.

b/ Effective 1 January 2006, the Cafeteria Amortization fund and Liquor Revolving fund are included in Volume I. See note 11.7.

c/ Represents the fund balances as of 31 December 2005 which are shown on this line, as effective 1 January 2006, these funds are included in Volume I. See note 11.7.

d/ Represents share of the United Nations Offices away from Headquarters cash pools and comprises cash and term deposits of $492,762, short-term investments of $250,863 (market value $250,906), long-term investments of $159,103 (market value $158,988) and accrued interest receivable of $3,693.

e/ Represents share of the United Nations Headquarters cash pool and comprises cash and term deposits of $3,024,639, short-term investments of $1,697,916 (market value $1,698,794), long-term investments of $3,755,078 (market value $3,766,560) and accrued interest receivable of $50,475.

f/ Disposal of this amount will be subject to a decision by the General Assembly.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, are as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination (CEB). The Organization follows International Accounting Standard 1, Presentation of financial statements, on the disclosure of accounting policies, as modified and adopted by CEB, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change, if material, should be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Organization is a biennium consisting of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph k (ii) below applies.

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that the application of an actual exchange rate at the date of the statements would provide a valuation materially different from the application of the Organization's rate of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The cash flow statement is based on the indirect method of cash flows, as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards to the High-level Committee on Management.

(i) The results of the Organization's operations presented in statements I, II and III are summarized by general type of activity and are presented on a combined basis for funds other than those that are reported on separately, after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a combined basis does not imply that the various separate funds can be intermingled in any way, since, normally, resources may not be utilized between funds.

(j) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994) and for the peacekeeping accounts, which are reported separately on a fiscal year basis covering the period from 1 July to 30 June. Separate financial statements are also issued for the International Trade Centre, the United Nations University and the United Nations Institute for Training and Research and for the programmes and funds of the United Nations system, including the United Nations Drug Control Programme, the United Nations Environment Programme, the United Nations Human Settlements Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme, the United Nations Population Fund, the United Nations Children's Fund, the United Nations Office for Project Services, the United Nations Capital Development Fund, the United Nations Development Fund for Women, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the World Food Programme and the United Nations Volunteers.

(k) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget, the peacekeeping operations, the capital master plan, the International Tribunals for the Former Yugoslavia and Rwanda and the Working Capital Fund are assessed to Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed to non-member States that agree to reimburse the Organization for the costs of their participation in United Nations treaty bodies, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Income from revenue-producing activities (including activities handled by outside contractors) is shown in the financial statements on a net basis, after the subtraction of directly related operating expenditures;

(vi) Income received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vii) Allocations from other funds represent monies appropriated or designated from one fund for the transfer to and disbursement from another fund;

(viii) Income from jointly financed activities represents amounts charged to other organizations for their share of joint costs paid for by the Organization;

(ix) Income for services rendered includes amounts charged for staff salaries and other costs that are attributable to providing technical and administrative support to other organizations;

(x) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments, and investment income earned in the cash pools. All realized losses and net unrealized losses on short-term investments are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(xi) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, income from net gains resulting from currency exchange adjustments, except for those arising from revaluation of current-period obligations as stated in (l) (i) below, settlements of insurance claims, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed to non-member States as stated in (k) (iii) above, monies accepted for which no purpose was specified and other sundry income. In respect of general trust funds, miscellaneous income also includes savings on or cancellation of prior-period obligations;

(xii) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income, as referred to in item (n) (iii) below.

(l) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements. Expenditures also include currency exchange adjustments arising from revaluation of current-period obligations;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. The inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period but are recorded as deferred charges, as referred to in item (m) (vi) below.

(m) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Investments include marketable securities and other negotiable instruments acquired by the Organization to produce income. Short-term investments are stated at the lower of cost or market value; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The market value of investments is disclosed in the footnotes to the financial statements;

(iii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are similar in nature and are accounted for as set out in item (m) (ii) above. The share in the cash pools is reported separately in each participating fund's statement and its composition and the market value of its investments are disclosed in the footnote to the statement;

(iv) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(v) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(vi) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vii) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(viii) Construction in progress is shown in the accounts as such until completion of the construction projects, at which time the completed construction projects, together with the cost of the land, are reflected as capital assets of the Organization;

(ix) Maintenance and repair of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements.

(n) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities and other income received but not yet earned;

(iv) The commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations relating to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds with a multi-year financial cycle remain valid until the completion of the project;

(v) Accrued liabilities for end-of-service and post-retirement benefits, comprising those for after-service health insurance, unused vacation days and repatriation benefits, which were previously disclosed in notes to the financial statements are included, with effect from the biennium ended 31 December 2007, as liabilities in the statement of assets, liabilities and reserves and fund balances. The change in presentation is made in order to recognize such liabilities when incurred and is in accordance with General Assembly resolution 60/255 with respect to recognition of after-service health insurance liabilities (see note 10);

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined benefit plan. The financial obligation of the Organization to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the date of the current financial statement, the General Assembly has not invoked this provision.

(o) Technical cooperation activities:

(i) The technical cooperation financial statements report on activities financed by voluntary contributions, funds received under inter-organizational arrangements from UNDP, UNFPA and other sources, and by allocation from section 23 of the regular budget;

(ii) Voluntary contributions from Member States or other donors for technical cooperation activities are recorded as income upon receipt of cash, including amounts received pending the identification of specific projects;

(iii) The allocation of income from UNDP and UNFPA is determined taking into account interest and other miscellaneous income against total expenditure;

(iv) Distribution of interest income for trust funds is calculated at year end using the percentage participation of each fund based on the monthly average fund balance;

(v) Miscellaneous income arising from regular budget activities is credited to miscellaneous income of the General Fund. Interest and miscellaneous income for technical cooperation trust funds are credited to the trust funds concerned;

(vi) Unliquidated obligations for the current period in respect of all technical cooperation activities other than those funded from the regular budget remain valid for 12 months following the end of the calendar year, rather than the biennium, to which they relate. However, in accordance with UNDP/UNFPA reporting requirements, such obligations may be retained beyond 12 months when a firm liability to pay still exists. Savings on or cancellation of prior-period obligations are credited to individual projects as a reduction of current-period expenditure;

(vii) The appropriation for the technical cooperation programmes of the regular budget is administered in accordance with the Financial Regulations and Rules of the United Nations. Unliquidated obligations for the regular programme of technical cooperation that are outstanding at the end of a financial period are transferred from the United Nations General Fund accounts to the technical cooperation accounts in the following financial period;

(viii) A system of average costing is used for UNDP/UNFPA projects whereby those elements of experts' actual costs that are unique to the individual expert are charged to UNDP/UNFPA projects at average cost. This is calculated by apportioning those costs over all UNDP or UNFPA projects in respect of which expert-months have been delivered in the current period;

(ix) The repatriation grant entitlement is calculated on the basis of 8 per cent of net base pay for eligible project personnel, except those subject to average costing.

(p) Trust funds established by the General Assembly or the Secretary-General are of two types — general trust funds and technical cooperation trust funds:

(i) Accounts for general trust funds are maintained under the same accounting procedures as those adopted for the regular budget, except that savings on or cancellation of prior-period obligations are credited to miscellaneous income;

(ii) General trust funds are charged with costs for the repatriation grant entitlement, which is calculated on the basis of 8 per cent of net base pay of eligible personnel;

(iii) Funds provided to reimburse the Organization for the use of its facilities are not treated as trust funds. Any unspent balances of such funds held by the Organization are included as part of accounts payable totals reported in the General Fund (statement V) or in other statements.

Note 3

All funds summaries: income, expenditure and changes in reserves and fund balances (statement I); assets, liabilities, reserves and fund balances (statement II); cash flows (statement III)

(a) Statements I, II and III contain financial results for United Nations funds, which are totalled into seven groups of related funds and, after elimination, combined into a grand total reflecting all activities of the Organization. This combined presentation should not be interpreted to mean that any individual fund can be used for any purpose other than that for which it is authorized. The seven groups consist of:

(i) General Fund and related funds, comprising the United Nations General Fund, Working Capital Fund and Special Account, which is reflected in statement V;

(ii) Technical cooperation activities, which includes the financial results summarized in statement VI;

(iii) General trust funds, which includes the financial results summarized in statement VII;

(iv) Tax Equalization Fund, which includes the financial results summarized in statement VIII;

(v) Capital assets and construction in progress, which includes the financial results summarized in statement IX;

(vi) The overall liabilities of the Organization with respect to end-of-service and post-retirement benefits, which is reflected in statement X;

(vii) Other special funds, which includes the financial results summarized in statement XI.

(b) Statement I includes two calculations of the excess or shortfall of income compared with expenditure. The first calculation is based on income and expenditure only for the current period of the biennium. The second calculation shown is a net one, which includes any prior-period adjustments to income or expenditure.

(c) All funds eliminations. Upon combination of all funds into the seven groups (note 3 (a)), eliminations of transactions that occur across the groups (that is, inter-group transactions) are required in order for a fair presentation of the "total" column. These eliminations include transactions that comprise income of one group of funds but are the expense of another group, or a receivable of one group that is the payable of another group. All such eliminations are presented in the "all funds elimination" column.

(d) In order to improve the presentation, with effect from 1 January 2006, income received by health plans that are included in the "other special funds" group has been eliminated against the corresponding expense of funds in other groups, and the elimination is shown in the "all funds elimination" column. As this change is applied retroactively, the comparative amounts have been restated accordingly. The amount of this elimination is $47,514,746 for the biennium 2006-2007 and $36,141,469 for the biennium 2004-2005.

Note 4
General fund: status of appropriations (statement IV)

In accordance with General Assembly resolutions 60/247, 60/281, 60/283, 61/253, 61/258, 61/275, 62/235 and 62/237, the budget appropriations and gross assessments for the biennium 2006-2007 are as follows (in thousands of United States dollars):

		2006	*2007*	*Total*
Budget appropriations (resolution 60/247 A)		1 899 456	1 899 457	3 798 913
Add:	Increased appropriations for the biennium 2006-2007:			
	resolution 60/281	—	26 443	26 443
	resolution 60/283	—	4 560	4 560
	resolution 61/253	—	343 980	343 980
	resolution 61/258	—	127 775	127 775
	resolution 61/275	—	334	334
Less:	Decreased appropriations for the biennium 2006-2007:			
	resolution 62/235	—	(108 233)	(108 233)
Total 2006-2007 revised budget appropriations		**1 899 456**	**2 294 316**	**4 193 772**
Estimated income (other than staff assessment) for the biennium 2006-2007 (resolution 60/247 B)		12 810	12 810	25 620
Add:	Increase in income (other than staff assessment) for the biennium 2006-2007:			
	resolution 61/253 B	—	19 962	19 962
	resolution 62/235 B	—	20 087	20 087
Total revised estimated income		**12 810**	**52 859**	**65 669**
Total 2006-2007 revised budget appropriations less total estimated income		**1 886 646**	**2 241 457**	**4 128 103**
Add:	Increase in appropriations for the biennium 2004-2005 to be assessed in 2006 (resolution 60/247 C)	47 627	—	47 627
Less:	Increase in income (other than staff assessment) for the biennium 2004-2005 (resolution 60/247 C)	(9 433)	—	(9 433)
	Increase in appropriations for the biennium 2006-2007 (resolutions 61/258, 61/275 and 62/235) to be assessed in 2008 (resolution 62/237 C)	—	(19 876)	(19 876)
Add:	Increase in income (other than staff assessment) for the biennium 2006-2007 (resolution 62/235 B) to be adjusted against the assessment in 2008 (resolution 62/237 C)	—	20 087	20 087
		38 194	**211**	**38 405**
Gross amount assessed to Member States in the biennium 2006-2007 (resolutions 60/247 C and 61/253 C)		**1 924 840**	**2 241 668**	**4 166 508**

Note 5
United Nations General Fund and related funds (statement V)

1. United Nations General Fund

(a) Cash and term deposits:

The cash and term deposits figure shown represents the net total of all cash balances (including funds held in non-convertible currencies), less any overdrafts.

(b) Assessed contributions unpaid:

(i) In accordance with financial regulation 3.5, payments made by a Member State are credited first to the Working Capital Fund and then to regular budget contributions due in the order in which the Member State was assessed;

(ii) Certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. A number of Member States have requested that attention be drawn to their positions as stated by their delegations at successive sessions of the General Assembly. They do not consider themselves bound to pay their estimated share of certain expenditure items included in the Organization's regular budget, such as the United Nations bond issue. Prior to 1975, withholdings by those Member States included their estimated shares of the United Nations Commission for the Unification and Rehabilitation of Korea and the United Nations Memorial Cemetery in Korea. Prior to 1968, there were withholdings for the United Nations Truce Supervision Organization;

(iii) Certain Member States have also stated that they do not consider themselves bound to particular expenditure items included in the United Nations regular budget, such as those for the Committee on the Exercise of the Inalienable Rights of the Palestinian People and the Special Unit on Palestinian Rights, the International Conference on the Question of Palestine, the International Conference on the Alliance between South Africa and Israel, the Preparatory Commission for the United Nations Conference on the Law of the Sea, the United Nations International School, the grants in aid to cover the deficit of UNITAR, the International Conference on Kampuchea and the expenses involved in transferring extrabudgetary posts to the regular budget;

(iv) As a result of the positions taken by some Member States as outlined above, it is estimated that as at 31 December 2007 a cumulative total of $61,910,665 will have been withheld from the payments of two Member States. This estimate is included in the total contributions outstanding as at 31 December 2007 of $439,717,163 with respect to the regular budget. Of the total unpaid assessments, $29,403,484 are over one year old and $410,313,679 are less than one year old;

(v) The assessed contributions receivable, as shown in the accounts for the period ended 31 December 2007, have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. On the basis of United Nations policy, as stated in note 2, paragraph (m) (iv) above, no provision has been made for delays in the collection of outstanding assessed contributions;

(vi) The assessed contributions receivable shown in statement V exclude $16,636,846 in unpaid assessed contributions to the regular budget by China for the period up to 24 October 1971. Following the adoption by the General Assembly on 25 October 1971 of resolution 2758 (XXIV), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", that amount has been transferred to a special account under General Assembly resolution 3049 C (XXVII) of 19 December 1972;

(vii) The details of assessed contributions receivable are shown in the report on the status of contributions as at 31 December 2007 (ST/ADM/SER.B/727). The report shows total unpaid assessments of $439,717,163, compared with $439,717,170 in the assessed contributions receivable account in the financial statements. The $7 difference relates to the rounding variances. Amounts due from the former Yugoslavia, which ceased to be a Member State on 1 November 2000, are included in the assessed contributions receivable account in the financial statements and also in the report on the status of contributions report. However, no action has been taken in the accounts as there is no specific General Assembly resolution on this matter.

(c) The following is a breakdown of other accounts receivable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2007 and 2005 (in thousands of United States dollars):

Accounts receivable	*2007*	*2005*
Governments	3 487	2 326
Staff members	20 474	16 145
Vendors	4 086	2 112
Specialized agencies	4 044	6 764
Other entities	48 602	44 477
Other	2 078	1 254
Total	**82 771**	**73 078**

(d) The following is a breakdown of deferred charges pertaining to the United Nations General Fund that are included in statement V as at 31 December 2007 and 2005 (in thousands of United States dollars):

Deferred charges	*2007*	*2005*
Education grant advances	12 712	10 732
Commitments against future years	91 421	47 907
Other	481	748
Total	**104 614**	**59 387**

(e) The following is a breakdown of other accounts payable pertaining to the United Nations General Fund that are included in statement V as at 31 December 2007 and 2005 (in thousands of United States dollars):

Accounts payable	*2007*	*2005*
Governments	6 685	6 366
Staff members	11 734	12 520
Vendors	69 644	60 581
Specialized agencies	6 291	1 311
Other entities	22 626	39 074
Provisions for repatriation grant	7 261	6 824
Other	4 269	3 408
Total	**128 510**	**130 084**

(f) The surplus account of the United Nations General Fund represents funds available for credit to Member States arising from unobligated balances of appropriations, savings on or cancellation of prior-period obligations and other designated income. The following table shows the composition of total reserves and fund balances as at 31 December 2007 and 2005 (in thousands of United States dollars):

Reserves and fund balances		*2007*	*2005*
Authorized retained surpluses as established by:			
General Assembly resolutions 2947 A and B (XXVII)		3 938	3 938
General Assembly resolution 36/116 B	45 480		
Less write-off of arrears for South Africa[a]	19 100	26 380	26 380
General Assembly resolution 40/241 B	10 532		
Less write-off of arrears for South Africa[a]	4 423	6 109	6 109
General Assembly resolution 42/216 A	154 881		
Less transfer to peacekeeping reserve fund[b]	82 601		
Less write-off of arrears for South Africa[a]	30 359	41 921	41 921
Total authorized retained surplus		**78 348**	**78 348**
Less funding of UNITAR building[c]		9 992	9 992
Net authorized retained surplus		**68 356**	**68 356**
Cumulative surplus:			
Excess of income over expenditure		96 212	79 173
Savings on or cancellation of prior-period obligations		45 519	21 596

Reserves and fund balances	*2007*	*2005*
Prior-period adjustments	(633)	(4 599)
Financing of increase in Working Capital Fund[d]	(34 932)	—
Subtotal	**106 166**	**96 170**
Balance of cumulative (deficit) surplus as at 31 December	34 932	(61 238)
Total cumulative (deficit) surplus	**141 098**	**34 932**
Total reserves and fund balances	**209 454**	**103 288**

[a] General Assembly resolution 50/83 of 15 December 1995.

[b] General Assembly resolution 47/217 of 23 December 1992.

[c] General Assembly resolution 47/227 of 8 April 1993.

[d] General Assembly resolution 60/283 of 7 July 2006.

2. Working Capital Fund

In accordance with General Assembly resolution 60/250, the Working Capital Fund was established in the amount of $100 million and was increased to $150 million in 2007 pursuant to General Assembly resolution 60/283. As at 31 December 2007, the principal balance of the Working Capital Fund was $150 million.

3. United Nations Special Account

Under the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972, the Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit.

Note 6
Technical cooperation activities (statement VI)

(a) In order to improve the presentation, inter-fund balances receivable and inter-fund balances payable are reported gross for each fund. In the biennium 2004-2005, such balances were offset among all the funds for each office, and the resulting net amount shown as either an inter-fund balance receivable or as an inter-fund balance payable. As this change in presentation is applied retroactively, the comparative amounts have been restated accordingly. The effect of this change is to increase both the total inter-fund balance receivable and the total inter-fund balance payable by $155,350,495 as at 31 December 2007 and by $125,501,128 as at 31 December 2005.

(b) The amount of $4,711,000 shown in statement VI as receivable from funding sources includes unliquidated obligations for which funds will be requested only as payments become due, in accordance with existing arrangements with UNDP and UNFPA.

Note 7
General trust funds (statement VII)

(a) During the biennium ended 31 December 2007, 9 new trust funds were established, 1 trust fund was transferred and will be reflected in the financial statements of the United Nations Office on Drugs and Crime and 13 trust funds were closed. As at 31 December 2007, there were 162 general trust funds.

(b) The General Assembly decided in its resolution 60/124 to upgrade the former Central Emergency Revolving Fund, which provided loans, to the current Central Emergency Response Fund which, in addition to loans, would also provide grants. The Central Emergency Response Fund is funded from voluntary contributions and is to ensure a more timely and predictable response to humanitarian emergencies, with the objectives of promoting early action and response to reduce loss of life, enhancing response to time-critical requirements and strengthening core elements of humanitarian response in underfunded crises. Accordingly, for reporting purposes, the former Central Emergency Revolving Fund, which was a special account and was reported in the biennium 2004-2005 as part of statement X, has been subsumed, with effect from 1 January 2006, into the Central Emergency Response Fund and is reported as a general trust fund under the "human rights and humanitarian affairs" group in statement VII. Loans provided by the former Central Emergency Revolving Fund and the Central Emergency Response Fund that are outstanding as at 31 December 2007 are shown in appendix B.

(c) The United Nations Fund for International Partnerships (UNFIP), a trust fund administered by the Secretary-General, was established by the United Nations in 1998 following the agreement signed by the United Nations with the United Nations Foundation, Inc., a not-for-profit corporation organized under the laws of the State of New York of the United States of America. Funding is provided by the Foundation to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations. UNFIP, through its administrative office, works with the Foundation to identify and select projects and activities to be funded by the Foundation, receives and distributes the funds for such projects and activities, and monitors and reports to the Foundation on the use of the funds. Upon approval of project documents, UNFIP advances the annual cash requirements to United Nations funds, programmes and specialized agencies (see appendix A). At periodic intervals, implementing partners submit reports providing details of cash disbursed in carrying out project activities, which serve as the basis for clearing the cash advances.

Note 8
United Nations Tax Equalization Fund (statement VIII)

(a) The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members whatever their national tax obligations. The Fund reports as income, the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations and the Tribunals for Rwanda and the Former Yugoslavia. The Fund includes as expenditure, the credits against the regular budget, peacekeeping and Tribunals assessments of Member States which do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

(b) Effective 1 January 2006, the presentation of fund balances owing to the United States of America has changed. Pending instructions from the Member State as to its application, the cumulative fund balance at the end of the biennium 2006-2007 of $125,967,253 is shown as "accounts payable to Member States". This change in presentation is applied retroactively, and therefore the comparative figures have been restated by the cumulative fund balance of $97,296,261 that was outstanding at the end of the biennium 2004-2005.

(c) Tax reimbursements in respect of prior years which were previously included in the "prior-period adjustments" line are presented under current expenditures in a separate line as "reimbursements and adjustments relating to prior tax years" with effect from the biennium 2006-2007. In addition, adjustments arising during the biennium 2006-2007 from the return of unencumbered balances in peacekeeping missions, which were previously included in the "other adjustments to reserves and fund balances" line, are included in current expenditures in the line "credits given to other Member States — peacekeeping operations", with effect from the biennium 2006-2007. The comparative figures have been restated accordingly for both of the above changes.

Note 9
Capital assets fund and construction in progress (statement IX)

1. Capital assets fund

(a) Land and buildings are reported at original cost. No depreciation is provided for buildings. Major improvements and extensions to existing buildings are reflected in the construction-in-progress fund and are capitalized when the projects are completed.

(b) The capital assets of the Organization, expressed in millions of United States dollars, comprise land and buildings (at cost) at the following locations:

Capital assets		*Amount*
United Nations building, New York (original cost)	67.1	
Less cost of library building razed in 1960	1.7	65.4
Dag Hammarskjöld Library building, New York		6.7
Land for permanent Headquarters site, New York		9.6
Extension of meeting rooms of North Lawn and delegates' dining facilities and staff cafeteria, New York		56.2
UNITAR building		11.0
Security enhancements		32.3
Subtotal		**181.2**

Capital assets		*Amount*
Secretariat building and General Assembly Hall, library building and villas, Geneva		12.3
Modernization of Palais des Nations, Geneva		2.1
Major maintenance, Geneva		6.7
Extensions of conference facilities, Geneva		47.7
Security enhancements		15.9
Subtotal		**84.7**
United Nations accommodation at Nairobi, Gigiri building		27.1
Conference facilities at Nairobi, Gigiri building		8.7
Security enhancements		1.6
Subtotal		**37.4**
United Nations building, Vienna:		
Security enhancements		0.7
Subtotal		**0.7**
Land and structures, Addis Ababa, Mogadishu and Pusan		0.3
ECA building, Addis Ababa		7.5
New ECA conference facilities		115.0
Security enhancements		1.4
Subtotal		**124.2**
United Nations building, Santiago		5.6
Documents Research Centre, Santiago		1.0
Annex — north building		1.9
Security enhancements		0.7
Subtotal		**9.2**
ESCAP building, Bangkok	8.7	
Less cost of Netherlands building razed in 1990	0.2	8.5
ESCAP conference building in Bangkok		46.5
Security enhancements		0.7
Subtotal		**55.7**
Total		**493.1**

2. Construction in progress

(a) The financial statements for construction in progress comprise those for the capital master plan, security measures and other discrete construction-in-progress projects.

(b) All construction-in-progress accounts are maintained on a multi-year financial cycle. Any unexpended balances of appropriations are carried forward into succeeding bienniums until the projects are completed.

(c) Expenditures incurred and savings on or cancellation of prior-period obligations are transferred to and reported as construction in progress in the statement of assets, liabilities, reserves and fund balances.

(d) The capital master plan was established in 2001 pursuant to General Assembly resolution 55/238 and encompasses all expenditures relating to the major refurbishment of the United Nations Headquarters complex in New York. The capital master plan was initially financed through an appropriation from the United Nations regular budget and subsequently through separate assessments to Member States. The General Assembly, having considered the fourth annual progress report of the Secretary-General on the implementation of the capital master plan and related reports, approved inter alia, in its resolution 61/251, the capital master plan at a total project budget not to exceed $1,876.7 million (exclusive of any credit facility fees) and the establishment of a working capital reserve of $45 million under the capital master plan.

(e) The fund for security measures was established in 2002 pursuant to General Assembly resolution 56/286 to account for and report on the resources authorized by the General Assembly for alteration and improvements of United Nations premises and on related expenditures in respect of strengthening the security and safety of United Nations premises. Funds for security measures are appropriated from the United Nations regular budget.

Note 10
End-of-service and post-retirement benefits (statement X)

(a) Upon end of service, eligible staff members are entitled to after-service health insurance coverage, payment for any unused vacation days up to a maximum of 60 days and repatriation benefits based on the number of years of service. With effect from 1 January 2006, all three types of liabilities were recognized in the financial accounts. The liabilities as at 31 December 2005 have been recorded through an adjustment to reserves and fund balances as shown in statement I. Previously, those liabilities were disclosed in the notes to the financial statements.

(b) In order to gain a better understanding of the financial dimensions of the Organization's liabilities for after-service health insurance benefits, which is a defined benefit plan, a consulting actuary was engaged to carry out an actuarial valuation of such benefits. The major assumptions used by the actuary were a discount rate of 5.5 per cent; health care escalation rates of 9.5 per cent in 2008, grading down to 5.0 per cent in 2015 and later years for medical plans in the United States of America, and 5.7 per cent in 2008 grading down to 4.5 per cent in 2012 and later years for medical plans outside of the United States; and retirement, withdrawal and mortality assumptions consistent with those used by the Pension Fund in making its own actuarial valuation. On the basis of those assumptions, it is estimated that the Organization's liability as at 31 December 2007 for after-service health insurance benefits, excluding those for peacekeeping operations which are shown in volume II of the financial statements for peacekeeping operations, is as follows (in thousands of United States dollars).

After-service health insurance liabilities	*Regular budget*		*Extrabudgetary resources*		*Total*	
	Present value of future benefits	*Accrued liability*	*Present value of future benefits*	*Accrued liability*	*Present value of future benefits*	*Accrued liability*
Gross liability	2 924 252	2 377 668	422 680	277 685	3 346 932	2 655 353
Offset from retiree contributions	(715 370)	(556 333)	(74 279)	(57 766)	(789 649)	(614 099)
Net liability	**2 208 882**	**1 821 335**	**348 401**	**219 919**	**2 557 283**	**2 041 254**

(c) The present value of future benefits figures shown above are the discounted values of all benefits to be paid in future to all current retirees and active employees expected to retire. The accrued liability represents those portions of the present values of benefits that have accrued from staff members' dates of entry on duty until the valuation date. Active staff members' benefits are fully accrued on the date on which they become fully eligible for benefits.

(d) Repatriation benefits are not accrued, except for non-UNDP/UNFPA technical cooperation trust funds, general trust funds and related programme support cost accounts. In respect of those funds, actual repatriation grant payments made during the financial period are charged against the accrual.

Note 11
Other special funds (statement XI)

1. Funds held in trust (schedule 11.1)

(a) Funds held in trust account for resources set aside and disbursements made for stabilization of medical, dental and life insurance premiums, reimbursements of claims under the medical insurance plan, compensation payments under appendix D to the Staff Rules, and for liability claims associated with the general liability of the Organization. They also contain the accounts of certain self-insurance activities, such as the Geneva Staff Mutual Insurance Society against sickness and accident.

(b) Premiums collected for medical, dental and life insurance schemes managed at the United Nations Headquarters and paid to the insurance carriers under contract with the United Nations are accounted for in the General Fund.

(c) With effect from the biennium 2006-2007, the repatriation grant reserve fund, which was previously reported in this schedule, is now reported in statement X for end-of-service and post-retirement benefits.

2. Special accounts for programme support costs (schedule 11.2)

(a) The special accounts for programme support costs are shown separately from the extrabudgetary funds from which they derive their incomes.

(b) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation, administrative and substantive activities. The reimbursement is calculated as a percentage of the programme resources expended, except for general trust fund allocations.

(c) Unliquidated obligations in respect of special accounts for programme support costs are accounted for on the same basis as the programme budget.

(d) The special account for programme support costs of peacekeeping operations is presented in a separate volume of the report of the Board of Auditors, on United Nations peacekeeping operations.

3. Common support services (schedule 11.3)

(a) Integrated Management Information System (IMIS):

(i) Funds were appropriated from the United Nations regular budget for the IMIS project and allocations were provided from various funds, including the peacekeeping accounts;

(ii) Interest income is computed on inter-fund indebtedness from the General Fund at the end of each month, based on the average rate of return on the United Nations Headquarters cash pool applicable for the month;

(iii) Any unexpended fund balances are carried forward to the succeeding biennium until the project is complete.

(b) Information technology and telecommunications represents the Special Account for Information Technology and Telecommunications Services Costs at Headquarters, which was established during the biennium 2000-2001 to account for the recovery of the costs associated with information technology and telecommunication services provided by the Office of Central Support Services at United Nations Headquarters. Such costs, which include common carrier costs, infrastructure maintenance and development costs, and operational and management costs of the Office of Central Support Services, are reimbursed by the users of the services.

(c) Common services represents the Special Account for Common Services which was established during the biennium 2000-2001 to support the activities of the Executive Coordinator for Common Services for the establishment of various common services with the United Nations funds and programmes, including support through the Common Services Support Unit to: develop an evaluation framework for common services and establish performance indicators and identify constraints; encourage development of common qualitative and quantitative performance indicators related to specific common service areas; and facilitate the work of the technical working groups by proposing strategies, supporting the necessary action by ensuring that the targeted deliverables are regularly monitored and providing policy guidance.

(d) Travel services represents the Special Account for Travel Services which was established during the biennium 2000-2001 to account for the travel services provider at Headquarters. Until the biennium 2004-2005, the income received from rebates was used to cover the cost of services charged by the travel services provider. With the phasing out of rebates from major airlines, effective 2006, travel tickets raised at Headquarters are charged a fee, currently set at 3.5 per cent, in order to provide the required funding for the travel services provider at Headquarters.

(e) Rented premises represents the Special Account for Rented Premises at Headquarters which was established during the biennium 2002-2003 to account for rental and maintenance costs of rented premises at Headquarters.

4. Jointly financed activities (schedule 11.4)

(a) As a result of the introduction of net budgeting as endorsed by the General Assembly in its resolution on the programme budget for the biennium 1998-1999, the costs of the International Civil Service Commission, the Joint Inspection Unit, the CEB secretariat, joint safety and security activities (Headquarters), the Malicious Acts Insurance Policy, the Dag Hammarskjöld Library Consortium, jointly financed activities pertaining to safety and security, conference and administrative services and the access control programme in the United Nations Office at Vienna and Joint Medical Activities (ECA), are charged directly to the fund established for those jointly financed activities. These costs are charged directly to the fund when incurred and are distributed among participating organizations. The amounts paid by the United Nations and other participating organizations are credited to income.

(b) Pursuant to General Assembly resolution 55/278, the United Nations System Staff College was established effective 1 January 2002, and a special account was created to account for the activities of the College, which is reported in the financial statements of the United Nations. The College serves as the institution for system-wide knowledge management, training and continuous learning for the staff of the United Nations system, aimed in particular at the areas of economic and social development, peace and security and internal management of the United Nations system.

5. United Nations Central Emergency Response Fund

The United Nations Central Emergency Revolving Fund, which was established by the Secretary-General in accordance with General Assembly resolution 46/182, has been subsumed, with effect from 1 January 2006, into the Central Emergency Response Fund, pursuant to General Assembly resolution 60/124, and accordingly is reported as a general trust fund under the "human rights and humanitarian affairs" group in statement VII. See note 7 (b).

6. Special multi-year account for supplementary development activities

(a) Represents the special multi-year account for supplementary development activities which was established by the General Assembly in its resolution 54/15. Resources appropriated under the section for the Development Account of the United Nations regular budget are transferred into the special multi-year account.

(b) The unspent balance of appropriations at the end of the biennium is carried forward to the succeeding biennium.

7. Other funds (schedule 11.5)

(a) The Nobel Peace Prize Memorial Fund was established effective 29 May 2003 for the receipt and administration of the entire proceeds of the Nobel Peace Prize awarded in 2001 to the United Nations and the Secretary-General. The Fund may also receive contributions from others. The purpose is to create a living memorial to United Nations civilian personnel who have been killed in the service of peace and to assist in the education of their surviving children.

(b) The fund for special awards was established for the receipt of the Nobel Peace Prize awarded to the United Nations peacekeeping forces in 1998 and other awards. The funds have been utilized mainly for the construction of a memorial dedicated to the United Nations staff members who have lost their lives in the service of peace.

(c) United Nations Mission in East Timor:

(i) By its resolution 1246 (1999), the Security Council established the United Nations Mission in East Timor (UNAMET) to organize and conduct a popular consultation, on the basis of a direct, secret and universal ballot.

(ii) UNAMET was succeeded by the United Nations Transitional Administration in East Timor and then by the United Nations Mission of Support in East Timor, which are funded from the United Nations peacekeeping budget.

(d) United Nations bonds represent the special account for sale of United Nations bonds. Under the terms of General Assembly resolution 1739 (XVI) of 20 December 1961, the Secretary-General was authorized to issue bonds up to a total of $200 million, utilizing the proceeds of sale for purposes normally associated with the Working Capital Fund. The Secretary-General was also requested to include in the regular budget an amount sufficient to pay interest and instalments of principal, in accordance with the terms of the issue. A total of $169,906,000 was realized from the sale of the bonds and utilized for the United Nations Emergency Force (1956) and the United Nations Operation in the Congo. The last payments of principal and interest were made to bond holders in the biennium 1988-1989, and the bond issue is now fully amortized.

(e) Cafeteria Amortization Fund. The fund was established as a revolving fund at the United Nations Office at Geneva in 1972 to accumulate reserves for the replacement of catering equipment and to account for subsequent related expenditures. This fund was previously not reported in volume I of the financial statements.

(f) Liquor Revolving Fund. The fund is maintained as a revolving fund to account for purchases and sales of liquor at United Nations Headquarters. This fund was previously not reported in volume I of the financial statements.

Note 12
Contributions in kind

During the biennium 2006-2007 ended 31 December 2007, the Organization received voluntary contributions in kind for various goods and services from Governments and other organizations. The estimated fair value of such contributions in kind was $6,663,000 for the United Nations General Fund, $5,272,000 for general trust funds, $6,012,000 for technical cooperation trust funds and $376,000 for special accounts, respectively, totalling $18,323,000.

Note 13
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is not included in the fixed assets of the Organization but is charged against the current appropriations when acquired. The table below shows the non-expendable property at Headquarters and overseas locations, according to the cumulative inventory records of the United Nations (in thousands of United States dollars):

Location	*2007*	*2005*
Headquarters, New York	118 158	104 423
United Nations Office at Geneva	51 579	42 600
United Nations Office at Vienna	14 453	8 502
United Nations Office at Nairobi	9 023	7 913
ESCWA	3 512	2 561
ECLAC	6 330	5 413
ESCAP	7 334	7 435
ECA	30 023	27 307
United Nations information centres	4 825	4 873
ICJ	1 416	1 702
INSTRAW	298	263
UNMOGIP	6 881	6 788
UNTSO	13 562	12 929
UNAMA	32 657	22 993
BONUCA	2 430	1 752
UNTOP	—	1 428
UNAMI	38 186	22 120
MINUCI	14	51
UNOTIL	561	16 547
UNOWA/CNMC	1 071	813
UNIIIC	1 887	—
UNIOSIL	22 216	—
UNPOS	1 021	—
UNMIN	15 734	—
BINUB	50 890	—
Field offices of the Office for the Coordination of Humanitarian Affairs	1 156	—
ODA — UNREC	174	—
ODA — UNLIREC	257	—
Field offices of the Department of Safety and Security	8 953	—
Department of Political Affairs — Monitoring Group on Somalia	92	—
OHCHR field offices	3 204	—
Total	**447 897**	**298 413**

The movement in non-expendable property during the biennium 2006-2007 is summarized below (in thousands of United States dollars):

Balance at 1 January 2006	298 413
Acquisitions[a]	178 334
Less write-offs — accidents, thefts and damages, etc.	(1 141)
Less dispositions	(50 783)
Other adjustments[b]	23 074
Balance at 31 December 2007	**447 897**

[a] Includes assets transferred from peacekeeping operations on the establishment of BINUB and UNIOSIL.

[b] This amount represents adjustments resulting from physical inventory counts and the inclusion of non-expendable property as of 31 December 2005 which were previously not reported, offset partly by the exclusion of items that had been included but were determined to be expendable properties.

Appendix A

United Nations Fund for International Partnerships
Advances receivable as at 31 December 2007

(Thousands of United States dollars)

Implementing organization	*2007*	*2005*
ILO	—	419
FAO	491	570
IAEA	67	300
UNESCO	5 288	5 669
UNIDO	64	312
UNDP	7 668	10 946
UNFPA	522	4 292
UNICEF	16 521	31 567
UNEP	1 403	1 804
UNITAR	37	144
OHCHR	—	20
UNFCC	26	26
UNHCR	685	146
WHO	52 840	37 363
UNIFEM	658	1 139
UNCTAD	1	1
UNCDF	873	1 438
WFP	—	273
Total	**87 144**	**96 429**

Appendix B

Central Emergency Response Fund[a]
Loans receivable as at 31 December 2007

(Thousands of United States dollars)

Organization	*Country*	*Amount outstanding as at 1 January 2006*	*Amount advanced in 2006-2007*	*Amount reimbursed in 2006-2007*	*Amount outstanding 31 December 2007*
IOM	Pakistan	1 000	—	1 000	—
OCHA	South Asia	3 196	—	3 196	—
UNHCR	East Africa	5 000	—	5 000	—
UNHCR	Burundi	5 000	—	5 000	—
UNICEF	Sudan	11 272	—	11 272	—
UNICEF	Sudan	3 621	—	3 621	—
WHO	Sudan	300	—	—	300
WHO	Chad	100	—	—	100
WHO	Congo	500	—	500	—
WHO	Sudan	2 000	—	2 000	—
FAO	Sudan	—	8 422	8 422	—
FAO	Sudan	—	9 680	—	9 680
OCHA	Sudan	—	4 000	4 000	—
OCHA	Sudan	—	1 000	—	1 000
OCHA	Sudan	—	1 400	1 400	—
UNDP	Sudan	—	2 660	—	2 660
UNICEF	Sudan	—	1 000	1 000	—
UNICEF	Sudan	—	4 000	4 000	—
UNICEF	Sudan	—	6 300	6 300	—
UNICEF	Sudan	—	7 500	7 500	—
UNICEF	Sudan	—	15 000	—	15 000
UNMAS	Afghanistan	—	1 650	1 650	—
UNMAS	Sudan	—	1 000	1 000	—
UNMAS	Sudan	—	3 000	3 000	—
WFP	Sudan	—	10 000	10 000	—
WFP	Sudan	—	18 000	18 000	—
Total		**31 989**	**94 612**	**97 861**	**28 740**

Abbreviation: OCHA — Office for the Coordination of Humanitarian Affairs.

[a] Includes loans made by the former Central Emergency Revolving Fund.

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